

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS BILL, 2004

JULY 16, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HOBSON, from the Committee on Appropriations,
submitted the following

R E P O R T

[To accompany H.R. 2754]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for energy and water development for the fiscal year ending September 30, 2004, and for other purposes.

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SUMMARY OF ESTIMATES AND RECOMMENDATIONS

The Committee has considered budget estimates which are contained in the Budget of the United States Government, 2004. The following table summarizes appropriations for fiscal year 2003, the budget estimates, and amounts recommended in the bill for fiscal year 2004.

[in thousands of dollars]

	2003	2004 estimate	2004 recommendation	2004 recommendation compared with—	
				2003 appropriation	2004 estimate
Title I—Department of Defense—Civil	4,638,827	4,194,000	4,482,328	(156,499)	288,328
Title II—Department of the Interior	972,294	922,208	947,904	(24,390)	25,696
Title III—Department of Energy	20,834,432	22,163,367	22,016,347	1,181,915	(147,020)
Title IV—Independent Agencies	206,642	147,921	138,421	(68,221)	(9,500)
Subtotal	26,652,195	27,427,496	27,585,000	932,805	157,504
Scorekeeping adjustments	(514,000)	(481,332)	(505,000)	9,000	(23,668)
Grand Total of bill	26,138,195	26,946,164	27,080,000	941,805	133,836

INTRODUCTION

The Energy and Water Development Appropriations bill for fiscal year 2004 totals \$27,080,000,000, \$133,836,000 above the President's budget request, and \$941,805,000 above the amount appropriated in fiscal year 2003.

For fiscal year 2004, the Committee has placed a high priority on the Yucca Mountain nuclear waste repository program. While the Department of Energy maintains that its fiscal year 2004 funding request is sufficient to meet its next major milestone, the submission of the License Application to the Nuclear Regulatory Commission in December 2004, it is clear that chronic funding shortfalls have forced the Department to delay work related to the acceptance and transport of spent nuclear fuel to support initial repository operations in 2010. The Committee believes that it is essential for safety and security to begin shipments of spent nuclear fuel, which is presently stored at commercial power plants and DOE sites around the country, to the repository site at the earliest possible date. Accordingly, the Committee has funded the budget request of \$591,000,000 to ensure the License Application is submitted on schedule, and, in addition, has provided an additional \$174,000,000 for transportation and supporting infrastructure development in Nevada, for national waste acceptance and transportation planning, and for other related purposes.

Title I of the bill provides \$4,482,328,000 for the programs of the U.S. Army Corps of Engineers, a decrease of \$156,499,000 below fiscal year 2003 and \$288,328,000 over the budget request of \$4,194,000,000. Due to the severe budgetary constraints, the Committee has only been able to provide a modest increase for the civil works program and has not provided funds for new studies and construction projects. By concentrating resources on traditional missions such as flood control and navigation which yield the greatest economic benefits for the nation, the Committee seeks to ensure the highest possible payback on taxpayer investment.

Title II provides \$947,904,000 for the Department of Interior and the Bureau of Reclamation, \$24,390,000 below the amount appropriated in fiscal year 2003 and \$25,696,000 over the budget request of \$922,208,000. The Committee has not provided funding for the California Bay-Delta Restoration program in California pending the enactment of authorizing legislation.

Title III provides \$22,016,347,000 for the Department of Energy, an increase of \$1,181,915,000 over fiscal year 2003 and \$147,020,000 below the budget request of \$22,163,376,000. The Committee recognizes the importance of basic research and science programs and has provided an increase of over \$200 million above the fiscal year 2003 level. In addition, \$7.2 billion is provided for environmental cleanup programs to remediate contaminated defense and non-defense sites throughout the nation.

Funding for the National Nuclear Security Administration, which includes nuclear weapons activities, defense nuclear nonproliferation, naval reactors, and the office of the administrator is \$8,508,184,000, an increase of \$330,617,000 over fiscal year 2003 and a decrease of \$326,391,000 from the budget request. For nuclear nonproliferation, the Committee has provided \$1,280,195,000, an increase of \$259,335,000 over fiscal year 2003.

The Committee views with skepticism the large increases that DOE's National Nuclear Security Administration's Weapons Activities account has received over the past three years. Since FY 2000, the weapons account grew by an average of 9.8 percent a year, increasing from \$4.5 billion in fiscal year 2000 to \$6.0 billion in fiscal year 2003. In the fiscal year 2004 budget request, DOE proposes an additional 6.6 percent increase. The Department has consistently justified these large increases as necessary to meet nuclear weapons requirements established by the Department of Defense. Each year, the Committee is confronted with a flawed budget process in which the NNSA Weapons Activities request is determined by DoD requirements but funded by DOE. Absent in such an arrangement are the usual tradeoffs that any agency must perform in setting its budget priorities and reaching a reasonable balance among competing priorities. In this case, DoD sets requirements for DOE to maintain a Cold War stockpile and nuclear weapons complex, at no cost to DoD, and DOE has little option but to budget to meet those requirements. In its fiscal year 2004 recommendations, the Committee has balanced the Weapons Activities request against the other important Energy and Water Development funding needs and adjusted funding levels to reflect the Committee's priorities.

Title IV provides \$138,421,000 for several Independent Agencies, a decrease of \$68,621,000 from fiscal year 2003 and a decrease of \$9,500,000 below the budget request of \$147,921,000. Funding is provided for the Appalachian Regional Commission, the Defense Nuclear Facilities Board, the Delta Regional Authority, the Nuclear Regulatory Commission and its Inspector General, and the Nuclear Waste Technical Review Board.

TITLE III

DEPARTMENT OF ENERGY

Funds recommended in Title III provide for Department of Energy programs relating to: Energy Supply, Non-Defense Environmental Management, Uranium Enrichment Decontamination and Decommissioning, Science, Nuclear Waste Disposal, Departmental Administration, the Inspector General, the National Nuclear Security Administration, Defense Environmental Management, Other Defense Activities, Defense Nuclear Waste Disposal, the Power Marketing Administrations, and the Federal Energy Regulatory Commission.

COMMITTEE RECOMMENDATION

The Committee recommendation generally supports the Administration's budget request for the Department of Energy and adjusts funding for some programs to reflect specific Congressional interests and priorities. Total funding for the Department of Energy is \$22,016,347,000, an increase of \$1,181,915,000 over fiscal year 2003 and \$147,020,000 below the budget request.

CONGRESSIONAL DIRECTION

The Committee modifies the direction provided in House Report 107-681 requiring the Secretary to submit to the House Committee on Appropriations, Subcommittee on Energy and Water Development, a quarterly report on the status of all projects, reports, fund transfers, and other actions directed in this House bill and report, in the Energy and Water Development Appropriations Act for Fiscal Year 2004, and in the conference report accompanying that Act.

BUDGET JUSTIFICATION REQUIREMENTS

The fiscal year 2005 budget justifications submitted by the Department must include the following: (1) a section identifying the last year that authorizing legislation was provided by Congress for each program; (2) funding within each construction project data sheet for elimination of excess facilities at least equal to the square footage of the new facilities being requested; and (3) funding to eliminate excess facilities at least equal to the square footage of new facilities being constructed as general plant projects (GPP).

SAFEGUARDS AND SECURITY FUNDING

Starting in fiscal year 2001, the Department began providing direct funding for safeguards and security costs by including a separate line item for these costs within the major programs, as opposed to the prior practice of funding these as an indirect cost within each program. This Committee was instrumental in encouraging

this change, believing that direct funding would provide increased visibility for safeguards and security funding and would prevent the programs from underfunding this important activity. However, safeguards and security costs have increased dramatically since the terrorist attacks of September 11, 2001, and these costs vary significantly as the threat level changes during the course of a fiscal year. Under these circumstances, direct funding of safeguards and security has functioned more like a funding ceiling, rather than a funding floor as originally intended. Having direct line item funding for safeguards and security requires frequent reprogramming actions to adjust to changing threat levels and security requirements.

Therefore, the Committee directs the Department to resume indirect funding of safeguards and security costs beginning in fiscal year 2005. The Department should include in the fiscal year 2005 budget request an addendum identifying the proposed funding levels for all safeguards and security activities by site, and the Department should establish a mechanism to ensure that the safeguards and security costs are tracked separately within the indirect accounts. Also, the Department is to inform promptly the House and Senate Appropriations Committees of any significant deviations (i.e., increases or decreases in excess of \$1,000,000) from these estimates during the course of the fiscal year.

HOMELAND SECURITY-RELATED WORK

Many of the Department's contractors are performing homeland security-related activities and establishing centers for homeland security. The Committee wants to ensure that funds appropriated for Department of Energy missions are not diverted to homeland security activities. The Department is directed to provide a report to the Committee on March 31, 2004, and annually thereafter, on all homeland security activities being performed by the Department's contractors. This report should provide by contractor and facility, a brief description of each homeland security activity being performed, the annual cost of the activity, and the specific source of funds (including direct funding through Department of Energy programs, work for others from the Department of Homeland Security or other Federal or State agencies, laboratory directed research and development, or overhead charges).

PROJECT MANAGEMENT

The National Research Council's Committee for Oversight and Assessment of U.S. Department of Energy Project Management recently completed its assessment of DOE's progress in improving project management. This report highlights the importance of DOE's Project Management Order 413.3 to changing the project management culture within DOE, and stated that "DOE needs to maintain the project management policies and procedures it has defined long enough to convince both DOE and contractor personnel that the changes are permanent." This report also recognizes the value of the Project Management Career Development Program (PMCDP) and recommends central funding of PMCDP training to ensure broad implementation of the PMCDP throughout DOE.

One of most salient points made in this National Research Council report deals with initial project selection and justification. According to the NRC committee, "[p]erhaps the most important single point that the committee has stressed, and continues to stress, is the absolute need for DOE management to develop the strategic plans that define the need for capital improvement projects." Several program offices in the Department have made significant improvements in this area in the last several years. The National Nuclear Security Administration (NNSA) has issued its Future Years Nuclear Security Plan, its Facilities and Infrastructure Recapitalization Plan, and its Construction Management Plan, all designed to provide a more rational basis for NNSA's future capital investments. Similarly, the Office of Science is preparing a Twenty Year Facility Outlook, and the Office of Environmental Management has revised its facility plans in conjunction with its accelerated cleanup initiative. There is room for improvement in the Office of Nuclear Energy, Science, and Technology, particularly now that it has responsibility for the Idaho National Engineering and Environmental Laboratory.

The Committee is pleased with the Department's issuance of the Project Management Manual 413.3-1 for capital asset acquisition, and strongly supports the principles and requirements this manual contains. The Committee expects all that elements of the Department, including the NNSA, will comply with the Manual's requirements. The Committee also urges all elements of the Department, including the NNSA, to apply the project planning and management principles identified in the Manual in the management of the entire programmatic portfolio in addition to specific capital assets.

FACILITIES AND INFRASTRUCTURE

The Committee continues to be concerned about the deterioration of the Department's facilities and the Department's inability to evaluate and address the readiness and maintenance status of its facilities. The Committee strongly supports the efforts of the Office of Management, Budget and Evaluation to strengthen and standardize management of the Department's facilities and infrastructure (F&I) program and to improve management of all F&I assets. The Committee supports current efforts to develop a directive establishing requirements for Department-wide implementation of an F&I program, and expects all the elements of the Department to comply with such corporate guidance. The F&I directive should establish a comprehensive program for the corporate management of all Departmental assets throughout their entire life-cycle and require appropriate data be provided to ensure that funds budgeted and spent on F&I assets can be tracked and outcomes measured. The F&I policy must also address the large inventory of excess facilities maintained throughout the complex and ensure that these facilities are decontaminated and decommissioned (D&D) as quickly and as cost-effectively as possible. The Committee also expects the Department to assign Federal staff at each site and Headquarters to provide oversight of this activity and ensure accountability.

The Committee renews its direction that funds provided for the disposal of excess facilities should be competed to the maximum ex-

tent practicable, so that contractors with experience in the efficient decontamination, decommissioning, and demolition of facilities have the opportunity to bid on this work. The Committee is also concerned that a large number of new facilities are being requested and funded, particularly in the National Nuclear Security Administration, with no plans to eliminate the excess buildings that are being replaced. The Committee directs the Department to include the costs of D&D for the facilities that are being replaced in the costs of all construction projects and identify such D&D costs clearly in the construction project data sheets.

SAFETY AT DOE FACILITIES

Improving safety at the Department's laboratories, sites, and plants continues to be one of this Committee's top priorities. In fiscal year 2003, this Committee provided funding and directed a series of compliance audits to identify the backlog of safety deficiencies at the Department's non-defense Science laboratories; additional funding is provided in fiscal year 2004 to begin correcting these deficiencies. For DOE's defense facilities under the NNSA and the Environmental Management program, the Defense Nuclear Facilities Safety Board (DNFSB) serves as the independent safety overseer. The involvement of the DNFSB gives the Committee greater confidence that safety problems will be identified early. Resolving those safety problems, however, remains the sole responsibility of the Department. The Committee is concerned to learn that the Department is unable to quantify the backlog of safety-related deficiencies in its defense facilities and sites. The Department tracks the number of DNFSB recommendations that still need to be addressed, but does not obtain detailed information on the estimated cost of the corrective actions. Beginning in fiscal year 2005, the Department is directed to collect the necessary information and report to Congress annually on the backlog of safety-related deficiencies at NNSA and defense cleanup sites, and present an estimate and schedule for the corrective actions.

LABORATORY DIRECTED RESEARCH AND DEVELOPMENT (LDRD)

The Committee recognizes the value of conducting discretionary research at DOE's national laboratories. Such research provides valuable benefits to the Department and to other Federal agencies, and is crucial to attracting and retaining scientific talent at the laboratories. However, the Committee continues to have concerns about the financial execution of this program. One concern centers on the manner in which DOE levies the LDRD "tax" on all DOE and Work for Other programs, and then accumulates the funds into an overhead pool. This Committee typically deals with defense and non-defense allocations within the Energy and Water Development bill, and the line between those two allocations is not easily crossed. Under LDRD, however, the laboratory directors are able to pool defense and non-defense appropriations at will. The only obvious solution to this concern is to require DOE to establish and track separate LDRD accounts for defense and non-defense funding sources, and the Committee is not yet ready to direct that change.

The other principal concern deals with the application of LDRD to work being performed for other agencies (Work for Others). The

conference report accompanying the Energy and Water Development Appropriations Act, 2002 (P.L. 107-66) directed the Secretary to "include in the annual report to Congress on LDRD activities an affirmation that all LDRD activities derived from funds of other agencies have been conducted in a manner that support science and technology development that benefits the programs of the sponsoring agencies and is consistent with the Appropriations Acts that provided funds to those agencies." The Department has implemented this guidance by including the following language into its standard project proposal and funding acceptance documents that it requires the funding WFO agencies to sign: "The Department of Energy believes that LDRD efforts provide opportunities in research that are instrumental in maintaining cutting edge science capabilities that benefit all of the customers at the laboratory. The Department will conclude that by providing funds to DOE to perform work, you acknowledge that such activities are beneficial to your organization and consistent with appropriations acts that provide funds to you." This is too facile a solution for the Department. According to a review conducted by this Committee's investigative staff, only a little more than half of the WFO customers indicated they could reliably certify that DOE's LDRD activities are consistent with the funding agencies' appropriations acts. Nevertheless, most agencies sign the required certification letter to DOE because they see no real alternative. The Committee fully expects that there are terms and conditions attached to the appropriations acts for these other agencies that are being ignored through this so-called "certification" process for LDRD work.

The Committee is considering changing the arrangement by which LDRD activities are funded to eliminate these concerns. The results of an ongoing General Accounting Office review will help to inform the Committee's choice. The Committee is receptive to streamlining the annual LDRD report to Congress, which is undoubtedly a significant burden for the Department to prepare and is of little value to this Committee in resolving the concerns identified above. The Department should work with Committee staff to develop a simpler and more useful LDRD report.

AUGMENTING FEDERAL STAFF

The Committee continues to believe there is too much reliance on support service contractors and other non-Federal employees throughout the Department of Energy, but particularly in the Department's Washington operations. The number of management and operating (M&O) contractor employees assigned to the Washington metropolitan area in fiscal year 2004 shall not exceed 220, the same as the fiscal year 2003 ceiling.

Report on M&O contractor employees.—The Department is to provide a report to the Committee at the end of fiscal year 2003 on the use of M&O contractor employees assigned to the Washington metropolitan area. The report is to identify all M&O contractor employees who work in the Washington metropolitan area, including the name of the employee, the name of the contractor, the organization to which he or she is assigned, the job title and a description of the tasks the employee is performing, the annual cost of the employee to the Department, the Headquarters program

organization sponsoring each M&O employee, the program account funding that employee, and the length of time the employee has been detailed to the Department or elsewhere in the Washington metropolitan area (e.g., the Congress, the Executive Office of the President, and other Federal agencies). The report should also include detailed information on the cost of maintaining each M&O office in the Washington metropolitan area. This report is to include actual data for the period October 1, 2002 through September 30, 2003, and is due to the Committee on January 31, 2004.

Report on support service contractors.—The report is to include for each support service contract at Headquarters: the name of the contractor; the program organization (at the lowest organization level possible) hiring the contractor; a descriptive list of the tasks performed; the number of contractor employees working on the contract; and the annual cost of the contract. This report is to include actual data for the period October 1, 2002 through September 30, 2003, and is due to the Committee on January 31, 2004.

STRATEGIC INITIATIVE AND BUSINESS DEVELOPMENT FUNDS

The Department's Inspector General recently completed an audit (DOE/IG-0601) of one DOE laboratory in which it found that the laboratory improperly used a Strategic Initiative Fund, financed as an indirect cost allocation on all direct-funded programs, to supplement Laboratory Directed Research and Development (LDRD) activities and to pay for advertising and marketing activities. The Committee shares these concerns regarding augmentation of LDRD funds and concurs with the Inspector General's recommendation that the Department needs to establish a clear policy defining the appropriate uses of mission development funds, segregating those funds from program funds, and prohibiting the use of such funds for advertising, marketing, and other activities designed to benefit the contractor rather than the Department.

REPROGRAMMING GUIDELINES

The Committee requires the Department to inform the Committee promptly and fully when a change in program execution and funding is required during the fiscal year. To assist the Department in this effort, the following guidance is provided for programs and activities funded in the Energy and Water Development Appropriations Act.

Definition.—A reprogramming includes the reallocation of funds from one activity to another within an appropriation, or any significant departure from a program, project, or activity described in the agency's budget justification as presented to and approved by Congress. For construction projects, a reprogramming constitutes the reallocation of funds from one construction project identified in the justifications to another project or a significant change in the scope of an approved project.

Criteria for Reprogramming.—A reprogramming should be made only when an unforeseen situation arises, and then only if delay of the project or the activity until the next appropriations year would result in a detrimental impact to an agency program or priority. Reprogrammings may also be considered if the Department can show that significant cost savings can accrue by increasing funding

for an activity. Mere convenience or desire should not be factors for consideration.

Reprogrammings should not be employed to initiate new programs or to change program, project, or activity allocations specifically denied, limited, or increased by Congress in the Act or report. In cases where unforeseen events or conditions are deemed to require such changes, proposals shall be submitted in advance to the Committee and be fully explained and justified.

Reporting and Approval Procedures.—The Committee has not provided statutory language to define reprogramming guidelines, but expects the Department to follow the spirit and the letter of the guidance provided in this report. Consistent with prior years, the Committee has not provided the Department with any internal reprogramming flexibility in fiscal year 2004, unless specifically identified in the House, Senate, or conference reports. Any reallocation of new or prior year budget authority or prior year deobligations must be submitted to the Committees in writing and may not be implemented prior to approval by the Committees on Appropriations.

COMMITTEE RECOMMENDATIONS

The Committee's recommendations for Department of Energy programs are described in the following sections. A detailed funding table is included at the end of this title.

ENERGY SUPPLY

Appropriation, 2003	\$696,858,000
Budget Estimate, 2004	748,329,000
Recommended, 2004	691,534,000
Comparison:	
Appropriation, 2003	– 5,324,000
Budget Estimate, 2004	– 56,795,000

The Energy Supply account includes the following programs: Renewable Energy Resources; Nuclear Energy; and Environment, Safety and Health (non-defense). In support of the Secretary's decision to establish a separate office in the Department of Energy with responsibility for electricity transmission and distribution, the Committee provides a separate program line within the Energy Supply account dedicated to Electricity Transmission and Distribution activities. Also, in recognition of the assignment of landlord responsibilities for the Idaho site to the Office of Nuclear Energy, Science and Technology, these landlord costs are now funded in the Energy Supply account and in the Other Defense Activities account. As in fiscal year 2003, the Committee recommends that the funds for Energy Supply activities remain available until expended.

RENEWABLE ENERGY RESOURCES

The total committee recommendation for renewable energy resources is \$330,144,000, a decrease of \$114,063,000 compared to the budget request. Of this change, \$77,047,000 is due to the transfer of activities to the new Electricity Transmission and Distribution program.

The National Academy of Public Administration (NAPA) recently released its preliminary observations on the recent reorganization

of the Office of Energy Efficiency and Renewable Energy (EERE) and generally found the new organization to be a “reasonable structure for managing EERE.” The Committee expects the Department to pay attention to the NAPA recommendations to facilitate full implementation of this new organizational model. The Committee also notes that the budget request for fiscal year 2004 includes estimates of the potential benefits of various renewable energy technologies, as required by the Government Performance and Results Act. These estimates, while falling short of the metrics that this Committee in House Reports 107–112 and 107–681 directed the Department to submit, are at least a step in the right direction. The Committee renews its guidance to the Department to submit with the next budget request a clear set of quantitative measures that can be used by the Congress and the Administration to compare the effectiveness of the federal investment in alternate energy sources. These metrics should include the Federal investment to date in each renewable energy technology and an estimate of the cost per kilowatt-hour that is forecast to be achievable with these technologies, with information on the comparable costs of other energy sources. Lastly, the Committee is appreciative of the efforts by the Assistant Secretary for Renewable Energy and Energy Efficiency and his staff to improve the execution of Congressionally directed projects during this fiscal year.

RENEWABLE ENERGY TECHNOLOGIES

Renewable Energy Technologies include biomass/biofuels energy systems, geothermal technology development, hydrogen research, hydropower, solar energy, and wind energy systems.

Biomass/Biofuels Energy Systems.—The Committee recommendation for integrated research and development on biomass and biofuels is \$69,750,000, the same as the budget request. Within this amount, the Committee includes \$2,000,000 for the Consortium for Plant Biotechnology Research.

Geothermal technology development.—The Committee provides \$25,500,000 for geothermal technology development, the same as the budget request. The Department is directed to maintain funding for university research at the fiscal year 2003 funding level.

Hydrogen research.—The FY2004 budget request proposes a new initiative to focus on the infrastructure for the generation, storage, and delivery of hydrogen. The Administration’s budget request proposes \$87,982,000 for hydrogen research, more than double the funding level provided in fiscal year 2003. The Committee recommends \$67,982,000 for hydrogen research, a decrease of \$20,000,000 from the budget request but an increase of \$28,242,000 over fiscal year 2003 funding. The Committee reminds the Department that the requirements for competition and industry cost sharing, as specified in the Hydrogen Future Act of 1996 (P.L. 104–271, 42 U.S.C. 12403), apply to this research. The Committee is troubled by the Department’s stated intent to engage in “pre-competitive R&D carried out by national laboratories” and directs the Department to compete the hydrogen research program to the fullest extent possible.

Hydropower.—The Committee recommends \$5,489,000 for hydropower research, \$2,000,000 less than the budget request for fiscal

year 2003. As directed in the previous fiscal year, the Department should focus its efforts on completing a limited program of testing and demonstration of new turbine technologies and then transfer these technologies to other federal agencies and private sector firms for deployment.

Solar Energy.—Solar energy technologies include: concentrating solar power; photovoltaic energy systems; and solar building technology research. As in fiscal year 2003, these subprograms are combined into a single account for solar energy. The total Committee recommendation for solar energy in fiscal year 2004 is \$79,683,000, the same as the budget request. The Committee notes that the Department recently commissioned an outside energy consultant to prepare an independent analysis to reconcile conflicting forecasts of the potential for Concentrating Solar Power (CSP) technologies. This independent analysis found that Concentrating Solar Power (CSP) is a proven technology for energy production that can be cost-competitive with other technologies. Given the potential for CSP as a source of hydrogen as well as a source of electricity, the Committee expects the Department to take this latest information into account and to fund the CSP research program at no less than the fiscal year 2003 funding level. The control level for fiscal year 2004 continues at the solar energy program account level.

Zero energy buildings.—The Committee recommendation does not include the requested \$4,000,000 for this activity. The Committee believes this activity should be funded as part of the Building Technologies program under the Interior and Related Agencies appropriation.

Wind energy systems.—The Committee recommends \$41,600,000 for wind energy systems, the same as the budget request.

Electricity reliability.—The Department requested \$76,866,000 for Electricity Reliability in fiscal year 2004; this program had been titled Electric Energy Systems and Storage in previous fiscal years. In support of the Secretary's decision to establish a new office for Electricity Transmission and Distribution, the Committee transfers \$72,866,000 of the requested \$76,866,000 into a new program line entitled Electricity Transmission and Distribution, under the Energy Supply account. The remaining \$4,000,000 of the requested funds is for the Renewable Energy Production Incentive (REPI) program; these funds are transferred to the Intergovernmental Activities program.

Intergovernmental activities.—The Committee recommends \$16,500,000 for intergovernmental activities. This amount includes the requested \$6,500,000 for the international renewable energy program, including \$2,000,000 for the International Utility Electricity Partnership (IUEP) program, the requested \$6,000,000 for tribal energy, and \$4,000,000 for the Renewable Energy Production Incentive (REPI) transferred from the Electricity Reliability program.

DEPARTMENTAL ENERGY MANAGEMENT PROGRAM

The Committee recommendation for Departmental Energy Management is \$2,300,000, the same as the budget request.

NATIONAL CLIMATE CHANGE TECHNOLOGY INITIATIVE

The Department requested \$15,000,000 for the Renewable Energy Resources portion of the Department's National Climate Change Technology Initiative (NCCTI). This funding was to be coupled with \$2,279,000 from Nuclear Energy and \$22,700,000 from the Interior and Related Agencies appropriation to issue a competitive solicitation for new technologies to address climate change. The Committee supports the competitive approach to acquiring innovative climate change technologies from academia and the private sector, but does not support the pooling of funds from two separate appropriations bills into a single new program. The Committee does not provide any funds for NCCTI activities in fiscal year 2004, but does direct the Department to apply the competitive approach to the other funding already being spent on climate change within the Department. The Department's request for fiscal year 2004 includes over \$1.6 billion for research and development activities related to climate change, of which over \$1.1 billion is funded in the Energy and Water Development appropriations bill. The Committee directs the Department to report on the amount of Energy and Water-funded climate change work that was competitively awarded in fiscal year 2003, and to increase that amount by \$100 million for fiscal year 2004.

FACILITIES AND INFRASTRUCTURE

The Committee recommendation for renewable energy Facilities and Infrastructure is \$9,100,000, an increase of \$4,150,000 over the budget request. The Committee funds the recommended amount of \$4,200,000 for the National Renewable Energy Laboratory (NREL) in Golden, Colorado, and includes an additional \$4,900,000 to initiate construction of the new Science and Technology facility at NREL (project 02-EERE-001), for which project engineering and design is to be completed in the third quarter of the current fiscal year. The budget request of \$750,000 for a new Energy Reliability and Efficiency Laboratory (project 04-E-TBD) at Oak Ridge National Laboratory is funded but is transferred to the new program line entitled Electricity Transmission and Distribution, under the Energy Supply account.

PROGRAM DIRECTION

The Committee recommendation for program direction is \$12,230,000, a reduction of \$4,347,000 from the budget request reflecting the reduction in Renewable Energy program activities and a transfer of \$3,431,000 to the new program line entitled Electricity Transmission and Distribution, under the Energy Supply account.

ELECTRICITY TRANSMISSION AND DISTRIBUTION

The Secretary recently decided to establish a new office for Electricity Transmission and Distribution to serve as a focal point for these issues within the Department. Because this decision was made subsequent to the fiscal year 2004 budget submission, the Department has proposed adjustments to the fiscal year 2004 request to provide a total of \$77,377,000 for this new office. The Committee recommendation provides the requested amount,

\$77,377,000, drawn from the following accounts and programs: \$72,866,000 from electric reliability in Renewable Energy Resources, \$750,000 for the new Energy Reliability and Efficiency Laboratory (project 04-E-TBD) at Oak Ridge National Laboratory from the facilities and infrastructure account within Renewable Energy Resources, \$3,431,000 for program direction drawn from the program direction account within Renewable Energy Resources, and an additional \$330,000 for program direction from policy and international affairs within the Departmental Administration account. The Committee recommendation removes the requirement for a fifty percent industry partner cost share for the Energy Reliability and Efficiency Laboratory at Oak Ridge as proposed in the budget request. The Committee interprets the National Transmission Grid Study language on industrial cost share as intended for research only and directs future budget requests to provide full funding for design, construction, and operation of this facility. Within available funds, the Department is directed to use up to \$4,000,000 to continue field testing of aluminum matrix composite conductors.

NUCLEAR ENERGY PROGRAMS

The Committee recommendation for nuclear energy programs is \$268,016,000, a decrease of \$9,109,000 from the budget request. The budget request for nuclear energy programs increased significantly compared to the fiscal year 2003 enacted level, but much of this increase is tied to the designation of the Office of Nuclear Energy, Science and Technology as the lead office with landlord responsibilities for the Idaho site. Note that \$112,306,000 of the funding proposed in the Nuclear Energy request represent costs allocated to the 050 budget function (i.e., defense activities); these costs are direct funded under the Other Defense Activities account.

UNIVERSITY REACTOR FUEL ASSISTANCE AND SUPPORT

The Committee recommends \$19,500,000, an increase of \$1,000,000 over the budget request. The Committee remains concerned about the need for more graduates specializing in nuclear science and engineering, and provides additional funding to increase DOE's ability to support existing university reactors and for grants and fellowships that support nuclear science and engineering education. The Committee is also aware of proposals for a DOE laboratory or site to host a next-generation research reactor to serve the university community, and encourages the Department to continue exploration of such an option.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

The Committee supports research and development to make the current generation of nuclear power plants safer and more efficient, to assist with the development of the next generation of reactor designs, and to develop advanced fuel cycles to minimize waste and proliferation concerns. However, the Committee continues to believe that this country will not build another nuclear power plant until the Yucca Mountain repository is licensed and operational, and the Committee has focused its limited resources to keeping the

nuclear waste repository program on schedule. The total Committee recommendation for nuclear energy research and development is \$117,746,000, a decrease of \$9,279,000 from the budget request. The Committee also notes that the Secretary has recently designated the Idaho National Environmental and Engineering Laboratory (INEEL) as the Nation's leading laboratory for nuclear energy research and development. To be consistent with this designation, the Committee expects the Secretary will re-align the distribution of fiscal year 2004 funding by site under the Nuclear Energy Research and Development program so that the majority of laboratory-expended funds for nuclear energy research and development will be allocated to INEEL.

Nuclear Energy Plant Optimization.—As in the previous fiscal year, the Committee does not concur with the Administration's proposal to terminate funding for the nuclear energy plant optimization (NEPO) program in fiscal year 2004. For NEPO, the Committee provides \$4,000,000, \$4,000,000 more than the budget request. The Committee recognizes the improvements to the safety of existing reactors that have resulted from application of the Mechanical Stress Improvement Process (MSIP) in Russia, and provides \$1,000,000 for AEA technology to expand the transfer of MSIP to other countries in the former Soviet Union.

Nuclear Energy Research Initiative.—The Committee recommendation for the nuclear energy research initiative (NERI) is \$10,000,000, a decrease of \$2,000,000 from the budget request due to funding constraints.

Nuclear energy technologies.—The Committee provides \$42,721,000 for nuclear energy technologies, \$5,279,000 less than the budget request. The Committee generally supports the Nuclear Power 2010 and Generation IV Nuclear Energy initiatives under nuclear energy technologies, subject to having the repository operational in 2010. As noted in the discussion under Renewable Energy Resources, the Committee does not support the pooling of funds from different appropriations bills for the National Climate Change Technology Initiative, and does not provide the requested \$2,279,000 for this activity.

Nuclear hydrogen initiative.—The Committee provides \$2,500,000 for the nuclear hydrogen initiative, a reduction of \$1,500,000 from the budget request. The requirements for competition and industry cost sharing, as outlined above in the discussion of the Hydrogen program under Renewable Energy Resources, should apply here as well.

Advanced Fuel Cycle Initiative.—The Committee recommendation for the Advanced Fuel Cycle Initiative (AFCI) is \$58,525,000, a reduction of \$4,500,000 from the budget request but comparable to the amount provided in fiscal year 2003. Within the funds available for AFCI, the Department is directed to provide \$3,000,000 for the Idaho Accelerator Center. Of the funding requested for transmutation science education, the Committee recommendation funds only the \$3,000,000 requested for the competitive award of fellowships in advanced fuel cycle research. The Committee is still awaiting the detailed program plan for the treatment of sodium-bonded spent fuel presently stored at the Idaho National Environmental and Engineering Laboratory, which the Department was directed

to submit to Congress by March 31, 2003. The Committee is also awaiting the annual AFCI comparison report, which was due May 31, 2003. Absent these two reports, the Committee has no basis to provide an increase in funds for the AFCI effort.

RADIOLOGICAL FACILITIES MANAGEMENT

The purpose of the Radiological Facilities Management program is to maintain the critical infrastructure necessary to support users from the defense, space, and medical communities. The outside users fund DOE's actual operational, production, and research activities on a reimbursable basis.

Space and defense infrastructure.—The Committee recommendation is \$36,230,000, the same as the budget request. This includes the requested amounts for the transfer of radioisotope power systems capabilities from Mound to the Idaho National Environmental and Engineering Laboratory, the Pu-238 facilities at Los Alamos National Laboratory, and the Np-237 storage facilities at Oak Ridge National Laboratory.

Medical isotopes infrastructure.—The Committee recommendation is \$26,425,000, the same as the budget request. Included within this program amount is the requested funding for Phase I of the U-233 project at Oak Ridge National Laboratory, and for various facility costs at Brookhaven, Los Alamos, Oak Ridge, and Sandia national laboratories.

IDAHO FACILITIES MANAGEMENT

This program funds the activities at the Idaho National Environmental and Engineering Laboratory (INEEL), including ANL-West operations and Test Reactor Area Landlord activities, as well as the Idaho landlord activities previously funded under the Environmental Management program. The Committee provides \$44,145,000 for Idaho Facilities Management, the same as the budget request. This amount represents the portion of Idaho Facilities Management that is allotted to the 270 budget function; the balance, allotted to the 050 function, is funded under Other Defense Activities.

ANL-West operations.—The Committee recommends \$31,615,000, the same as the budget request, for ANL-West operations.

INEEL Infrastructure.—The Committee recommends \$10,190,000, the same as the budget request. An additional \$21,415,000 is provided under Other Defense Activities.

Construction.—The Committee recommends \$2,340,000 for Idaho facilities construction, the same as the budget request. This includes the requested amounts of \$500,000 for project 95-E-201 and \$1,840,000 for project 99-E-200, both at the Test Reactor Area.

IDAHO SITEWIDE SAFEGUARDS AND SECURITY

Consistent with the budget request, this activity is funded at the requested level of \$56,654,000 as an 050 defense activity under the Other Defense Activities account..

PROGRAM DIRECTION

The Committee recommends a total funding level of \$58,207,000, a reduction of \$2,000,000 from the budget request due to reduced program levels. The requested amount increased significantly over the fiscal year 2003 funding level because the Office of Nuclear Energy, Science and Technology is assuming lead responsibility for the Idaho site and the Idaho Operations Office. Of this amount, \$23,970,000 is funded here under budget function 270, and \$34,237,000 is funded as budget function 050 under Other Defense Activities.

ENVIRONMENT, SAFETY AND HEALTH

The Committee recommendation is \$24,000,000, a reduction of \$6,000,000 from the budget request but an increase of approximately \$1,500,000 over the fiscal year 2003 funding level. Within this amount, the Department is directed to transfer \$2,000,000 to OSHA for the costs of OSHA regulation of worker health and safety at the Department's non-nuclear facilities not covered under the Atomic Energy Act and to complete the compliance audits of the ten Science laboratories that were initiated in fiscal year 2003. It is the Committee's intention that the funds appropriated in FY03 and transferred to OSHA and NRC for these compliance audits shall remain available until expended. Based on the results of the audits completed to date, NRC and OSHA should focus their efforts in the remaining audits on identifying major hazards that would require significant capital investments to remedy. Given the late start on these audits in fiscal year 2003, the Committee revises the completion date for the audits and associated cost estimates to May 31, 2004.

FUNDING ADJUSTMENTS

A general reduction of \$5,000,000 has been applied to the Energy Supply account, and the recommendation includes an offset of \$3,003,000 for the safeguards and security charge for reimbursable work, as proposed in the budget request.

NON-DEFENSE ENVIRONMENTAL MANAGEMENT

The Non-Defense Environmental Management program includes funds to manage and clean up sites used for civilian, energy research, and non-defense related activities. These past activities resulted in radioactive, hazardous, and mixed waste contamination that requires remediation, stabilization, or some other type of action. The Department has restructured its budget for Non-Defense Environmental Management to focus on activities that support the primary goals of site cleanup and closure. Activities that had previously been funded under the Non-Defense Environmental Management account are now funded in two separate accounts: Non-Defense Site Acceleration Completion for accelerated cleanup and closure activities, and Non-Defense Environmental Services for those activities that indirectly support and closure activities, or that support other missions of the Department. Activities previously funded under the Other Uranium Activities subaccount of the Uranium Facilities Maintenance and Remediation, including

the depleted uranium hexafluoride plants at Portsmouth and Paducah, are also transferred into the new Non-Defense Environmental Services account.

Economic development.—None of the Non-Defense Environmental Management funds, including those provided in the Non-Defense Site Acceleration Completion, Non-Defense Environmental Services, and Uranium Enrichment Decontamination and Decommissioning Fund, are available for economic development activities.

NON-DEFENSE SITE ACCELERATION COMPLETION

Appropriation, 2003	\$158,846,000
Budget Estimate, 2004	170,875,000
Recommended, 2004	170,875,000
Comparison:	
Appropriation, 2003	+12,029,000
Budget Estimate, 2004	

The committee recommendation for Non-Defense Site Acceleration Completion is \$170,875, the same as the budget request.

2006 Accelerated Completions.—The recommendation provides \$48,677,000, the same as the budget request, including \$38,840,000 for soil and water remediation and graphite research reactor decommissioning at Brookhaven National Laboratory, \$3,272,000 for soil and water remediation at Lawrence Berkeley National Laboratory, and \$2,416,000 for soil and water remediation at the Stanford Linear Accelerator Center. The budget request indicates that the spent nuclear fuel presently stored at the West Valley Demonstration Project will be shipped to the Idaho National Engineering and Environmental Laboratory by the end of fiscal year 2004; the Committee expects the Department to adhere to this schedule with no further slippages.

2012 Accelerated Completions.—The recommendation provides \$119,750,000, the same as the budget request, including \$99,558,000 for solid waste stabilization and disposition and nuclear facility decontamination and decommissioning at the West Valley Demonstration Project, and \$18,467,000 for nuclear facility decontamination and decommissioning for the Energy Technology Engineering Center.

2035 Accelerated Completions.—The recommendation provides \$2,448,000, the same as the budget request. This amount includes the requested \$2,000,000 to continue stabilization measures and complete the Environmental Impact Statement for remediation of the former Atlas uranium mill tailings site at Moab, Utah, and \$448,000 for decontamination and decommissioning of the Tritium System Test Assembly Facility at Los Alamos National Laboratory.

NON-DEFENSE ENVIRONMENTAL SERVICES

Appropriation, 2003	\$144,510,000
Budget Estimate, 2004	292,121,000
Recommended, 2004	320,468,000
Comparison:	
Appropriation, 2003	+175,958,000
Budget Estimate, 2004	+28,347,000

The committee recommendation for Non-Defense Environmental Services is \$320,468,000 an increase of 28,347,000 above the budget request. This amount includes the requested funding of

\$12,394,000 for East Tennessee Technology Park, \$45,000,000 for the depleted uranium hexafluoride conversion facility and \$4,267,000 for nuclear material stabilization and disposition at Paducah, \$45,000,000 for the depleted uranium hexafluoride conversion facility and \$16,523,000 for nuclear material stabilization and disposition at Portsmouth, \$20,000,000 for accelerated decontamination and decommissioning of the GCEP facilities at Portsmouth, and \$102,082,000 to maintain the Portsmouth Gaseous Diffusion Plant in cold standby and to continue with deposit removal. The Committee recognizes the additional cleanup needs at the Portsmouth Gaseous Diffusion Plant to support deployment of an advanced uranium enrichment technology and will work with the Senate in conference to determine if additional funding can be made available for this purpose. The committee recommendation also includes the requested funding of \$43,842,000 for decontamination and decommissionings of the Fast Flux Test Facility. The additional \$28,347,000 in the Committee's recommendation represents the nondefense share for legacy management, the balance of which is funded under Other Defense Activities.

URANIUM ENRICHMENT DECONTAMINATION AND DECOMMISSIONING FUND

Appropriation, 2003	\$338,117,000
Budget Estimate, 2004	418,124,000
Recommended, 2004	392,002,000
Comparison:	
Appropriation, 2003	+53,885,000
Budget Estimate, 2004	- 26,122,000

Congress created the Uranium Facilities Maintenance and Remediation account in fiscal year 2001 to consolidate two previously separate programs. The consolidated Uranium Facilities Maintenance and Remediation account was managed by the Office of Environmental Management and included two subaccounts, the Uranium Enrichment Decontamination and Decommissioning Fund, and Other Uranium Activities. As explained above, beginning in fiscal year 2004 the activities previously funded under the Other Uranium Activities subaccount are transferred into the new Non-Defense Environmental Services account.

The Uranium Enrichment Decontamination and Decommissioning Fund was established by the Energy Policy Act of 1992 (P.L. 102-486) to carry out environmental remediation at the nation's three gaseous diffusion plants, at the East Tennessee Technology Park in Oak Ridge, Tennessee, at Portsmouth, Ohio, and at Paducah, Kentucky. Title X of the 1992 Act also authorized use of a portion of the Fund to reimburse private licensees for the Federal government's share of the cost of cleaning up uranium and thorium processing sites.

The Committee recommends \$392,002,000 for activities funded from the Uranium Enrichment Decontamination and Decommissioning Fund, a reduction of \$26,122,000 from the budget request. This amount includes \$341,002,000 for decontamination and decommissioning activities at the gaseous diffusion plants and \$51,000,000 for uranium and thorium reimbursements. In fiscal year 2003, the Administration proposed, and Congress agreed to,

an accelerated cleanup initiative for DOE sites. Sites would receive additional funding in the near term in order to accelerate cleanup and reduce funding requirements in the outyears. The Department's fiscal year 2004 budget request assumed that it would reach agreement with all of the involved State regulators on accelerated cleanup plans. Where such agreement has not been reached, the Committee does not provide the additional increment of funding that was requested for accelerated cleanup. The \$26,122,000 reduction reflects the failure to reach agreement on accelerated cleanup for the Paducah site.

SCIENCE

Appropriation, 2003	\$3,272,328,000
Budget Estimate, 2004	3,310,935,000
Recommended, 2004	3,480,180,000
Comparison:	
Appropriation, 2003	+207,852,000
Budget Estimate, 2004	+169,245,000

The Science account funds the Department's work on high energy physics, nuclear physics, biological and environmental sciences, basic energy sciences, advanced scientific computing, maintenance of the laboratories' physical infrastructure, fusion energy sciences, safeguards and security, science workforce development, and science program direction. The Committee recommendation is \$3,480,180,000, an increase of \$169,245,000 compared to the budget request.

The Committee has provided additional funding for the Office of Science to address the following Committee priorities: high performance computing; additional operating time, equipment upgrades, and staffing to support increased research opportunities at the Office of Science user facilities; remediation of safety deficiencies at DOE Science laboratories; and restoration of domestic fusion funding displaced by the new international fusion initiative. The Committee also provides additional funding to perform essential research and development and preconcept design for one new project (i.e., the Rare Isotope Accelerator). The Committee may consider different or additional priorities for new research facilities once the Office of Science releases its Twenty Year Facility Outlook.

External Regulation of DOE Science Laboratories.—In July 2002, the Department produced a Committee-directed implementation plan for external regulation. The Department identified several key unresolved questions about external regulation, specifically the unknown costs of transitioning to external regulation and the unknown cost savings that might result from such a transition. However, the Department stated that it “believes that these issues can be resolved” and “favors the prospect of a transition to external regulation . . .” The Committee has subsequently taken steps to resolve these questions, tasking the General Accounting Office (GAO) to identify the current costs of DOE's self-regulation of the Science laboratories and the potential savings that might result under external regulation. In its report (GAO-03-633R), the GAO found that the Department could save as much as \$41 million annually by shifting to external regulation of its Science laboratories.

To address the question of transition costs, the Committee in the Energy and Water Development Appropriations Act, 2003, directed the transfer of funds from the Department of Energy to the Nuclear Regulatory Commission (NRC) and the Occupational Safety and Health Administration (OSHA) to conduct compliance audits of the ten DOE Science laboratories. The audits are to be completed for four laboratories by September 30, 2003, and for all ten labs by March 31, 2004. Upon completion of these audits, the laboratories are also to prepare estimates of the costs to correct the identified deficiencies and bring these ten laboratories into compliance with NRC and OSHA safety standards. In recognition of the late start on these audits in fiscal year 2003, the Committee revises the completion date for the audits and associated cost estimates to May 31, 2004.

In response to the Committee's concerns about continued self-regulation, the Office of Science in November 2002 directed its ten laboratories to conduct their own assessment of the potential costs of bringing those laboratories into compliance with NRC and OSHA standards. The Committee recognizes the crude nature of this estimate, particularly as it was conducted without the participation of the NRC and OSHA. Nevertheless, this self-assessment by the Science laboratories represents the only existing estimate of the costs of transitioning the laboratories to external regulation. These laboratories estimated their transition costs to be approximately \$75 million. This estimate, approximate as it is, reveals the existence of a significant backlog of safety deficiencies at these laboratories. The existence and persistence of such a backlog is one of the unfortunate consequences of the Department's adherence to its current scheme of self-regulation. The Department is able to identify safety problems but is unable or unwilling to dedicate the necessary resources to correct these problems.

The Committee believes it is important to the health and safety of laboratory employees, of visiting researchers, and of the population in the surrounding communities that these safety deficiencies be corrected expeditiously. Therefore, the Committee has transferred \$25,000,000 from the Departmental Administration account to the Science Laboratories Infrastructure subaccount to address these safety deficiencies at the ten Science laboratories; these funds may not be reprogrammed for other purposes. In addition, the Committee directs the Department to request sufficient funding in the budget requests for fiscal years 2005 and 2006 to correct the remainder of these safety deficiencies over the next two fiscal years. The completion of the NRC and OSHA compliance audits should permit the preparation of a more accurate estimate of these costs. Regardless of whether the Department continues to regulate itself or makes the overdue transition to external regulation, this backlog of unresolved safety deficiencies must be addressed promptly.

HIGH ENERGY PHYSICS

The Committee recommends a total of \$747,978,000 for high energy physics, an increase of \$10,000,000 over the budget request. The control level is at the High Energy Physics level. The additional funds are provided to increase operating time and enhance

user support at the user facilities located at the Fermi National Accelerator Laboratory and the Stanford Linear Accelerator Center. The Committee recommendation includes the requested amount, \$12,500,000, for construction of the Neutrinos at the Main Injector project at Fermilab. The Committee recognizes the efforts of the staff from the Office of Science, Fermilab, and the other laboratories to bring the Tevatron luminosity upgrade back on schedule. The Committee also encourages the Department to accelerate progress on the Supernova/Accelerator Probe (SNAP), which will provide an important tool to advance our understanding of the history of the universe.

NUCLEAR PHYSICS

The Committee recommendation for nuclear physics is \$399,430,000, an increase of \$10,000,000 over the budget request. An additional \$7,500,000 is provided to increase operating time and enhance user support at the user facilities located at the Brookhaven National Laboratory and the Thomas Jefferson National Accelerator Facility. The Committee recommendation includes \$6,000,000 for research and development and pre-conceptual design activities in support of the Rare Isotope Accelerator, an increase of \$2,500,000 over the requested amount for this project. The Committee strongly encourages the Department to make a prompt CD0 decision for the 12 GeV upgrade to the Continuous Electron Beam Accelerator Facility at the Thomas Jefferson National Accelerator Facility and to include adequate PED funding for this project in the fiscal year 2005 budget request.

BIOLOGICAL AND ENVIRONMENTAL RESEARCH

The Committee recommendation for biological and environmental research is \$562,035,000, an increase of \$62,500,000 over the budget request. The additional funds are provided to increase operating time and enhance user support at the user facilities located at various DOE laboratories that support the biological and environmental sciences user community, and to provide for additional university research grants for biological and environmental research.

BASIC ENERGY SCIENCES

The Committee recommendation for basic energy sciences is \$1,016,575,000, an increase of \$8,000,000 over the budget request. For purposes of reprogramming during fiscal year 2004, the Department may allocate funding among all operating accounts within Basic Energy Sciences.

Research.—The Committee recommendation includes \$575,711,000 for materials sciences and engineering, and \$220,914,000 for chemical sciences, geosciences, and energy biosciences. The additional \$8,000,000 in the material sciences and engineering account is provided to increase operating time and enhance user support at Basic Energy Sciences user facilities. Also included within this account is \$7,673,000 for the Experimental Program to Stimulate Competitive Research (EPSCoR), the same as the budget request.

Construction.—The Committee recommendation includes \$219,950,000 for construction, the same as the requested amount. The Committee recommendation provides the requested funding of \$124,600 for the Spallation Neutron Source (SNS), \$35,000,000 for the Molecular Foundry, \$29,850,000 for the Center for Integrated Nanotechnologies, \$20,000,000 for the Center for Nanophase Material Sciences, \$7,500,000 for PED for the Linac Coherent Light Source, and \$3,000,000 for PED for the Center for Functional Nanomaterials at Brookhaven National Laboratory.

ADVANCED SCIENTIFIC COMPUTING RESEARCH

The Committee continues to support efforts to advance U.S. supercomputing technology and is encouraged that the President's fiscal year 2004 budget identifies supercomputing as a critical component of its Networking and Information Technology Research and Development program. The Committee views the Department of Energy as a key player in the Federal government's efforts in supercomputing. At the same time, the Committee recognizes that a number of other Federal agencies are involved with the development of, and have critical needs for, more advanced computing capabilities. The Committee notes that the White House Office of Science and Technology Policy (OSTP) has recently established the multi-agency High End Computing Revitalization Task Force (HEC RTF). This task force, of which the Department is a participant, has been charged with developing a coordinated, interagency plan for supercomputing research and development that addresses issues of capability, capacity, and accessibility for scientific applications. The Committee strongly supports this interagency HEC RTF effort, and expects the Department to participate fully and to follow the HEC RTF plan for ongoing and future research and development, facility operations, and hardware procurement of its advanced scientific computing resources.

The Committee recommendation is \$213,490,000, an increase of \$40,000,000 over the budget request. The Committee provides these funds for the Department to acquire additional advanced computing capability to support existing users in the near term and to initiate longer-term research and development on next generation computer architectures. The Committee directs the Department to use these funds in a manner fully consistent with the recommendations of the HEC RTF. The Committee also expects that, to the maximum extent practicable, these funds will be awarded using a merit-based, competitive process.

SCIENCE LABORATORIES INFRASTRUCTURE

The Committee recommendation provides a total of \$71,535,000 for Science Laboratories Infrastructure, an increase of \$27,945,000 over the budget request. The majority of this increase, \$25,000,000, is transferred from the Departmental Administration account to correct safety deficiencies at the Science laboratories. The funding provided for Science Laboratory Safety Measures may not be reprogrammed for other purposes. The Committee recommendation also provides an additional \$2,945,000 for excess facilities disposition, bringing this account total to \$8,000,000, comparable to the fiscal year 2003 enacted level. The Committee is disappointed that the

Department's budget request recommended closing the 88-inch cyclotron at Lawrence Berkeley National Laboratory yet failed to provide any funding for the decontamination and decommissioning (D&D) of this facility. Once a particular Science facility is no longer useful, the Department should take prompt action to reduce its landlord costs and make that space available for other purposes. The added increment of funding for excess facilities is to be applied to D&D of the 88-inch cyclotron. The Committee recommendation provides the requested funding of \$1,520,000 for infrastructure support, \$5,079,000 for Oak Ridge landlord costs, \$2,000,000 for Science Laboratories Infrastructure 04-SC001, specifically to initiate PED for project MEL-001-36 at the Stanford Linear Accelerator Center, and \$29,936,000 for construction of various sub-projects under the MEL-001 infrastructure project.

FUSION ENERGY SCIENCES

The Committee recommendation for fusion energy sciences is \$268,110,000, an increase of \$10,800,000 over the budget request. The Committee is cautiously supportive of the Administration's proposal to re-engage in the International Thermonuclear Experimental Reactor (ITER) project, but is disappointed that the budget request provides \$12,000,000 in funding for the U.S. ITER effort only at the expense of displacing ongoing domestic fusion research. The additional \$10,800,000 includes \$4,000,000 for burning plasma experiments, including support for ITER and for the domestic FIRE project, \$5,200,000 for fusion technology, and \$1,600,000 for advanced design and analysis work. If the Department intends to recommend ITER participation in the fiscal year 2005 budget request, the Committee expects the Department will do so without harm to domestic fusion research or to other programs in the DOE Science budget.

SAFEGUARDS AND SECURITY

The Committee recommends \$51,887,000, an increase of \$3,760,000 over the budget request, to meet additional safeguards and security requirements.

SCIENCE WORKFORCE DEVELOPMENT

The Department requested \$6,470,000 for Science Workforce Development in fiscal year 2004, including \$1,000,000 to initiate a pilot program at Argonne National Laboratory providing intensive, hands-on training for approximately 60 science, engineering, and mathematics teachers. The Committee is very supportive of this initiative, but would like to see it applied at all five multiprogram Science laboratories. The Committee recommendation provides \$7,470,000, including \$2,000,000 for the Laboratory Science Teacher Professional Development initiative, to be distributed among all five multiprogram laboratories.

SCIENCE PROGRAM DIRECTION

The Committee recommendation is \$147,053,000 for Science program direction. This amount includes: \$80,102,000 for program direction at DOE field offices, \$58,157,000 for program direction at

DOE headquarters, \$7,774,000 for Technical Information Management; and \$1,020,000 for Energy Research Analyses. The request for program direction for field offices was reduced by \$3,720,000 and the amount transferred to the Safeguards and Security line. The control level for fiscal year 2004 is at the program account level of Science Program Direction.

FUNDING ADJUSTMENTS

The Committee recommendation includes an offset of \$4,383,000 for the safeguards and security charge for reimbursable work, as proposed in the budget request. A general reduction of \$1,000,000 has been applied to the Science account.

NUCLEAR WASTE DISPOSAL

Appropriation, 2003	\$144,058,000
Budget Estimate, 2004	161,000,000
Recommended, 2004	335,000,000
Comparison:	
Appropriation, 2003	+190,942,000
Budget Estimate, 2004	+174,000,000

The Federal government has a clear statutory responsibility, assigned by Congress in the Nuclear Waste Policy Act of 1982, as amended, to provide for the permanent disposal of spent nuclear fuel and high-level radioactive waste. The Department of Energy was required by statute to accept commercial spent nuclear fuel for disposal beginning on January 31, 1998, and entered into legally enforceable contracts with utilities to execute that obligation. Unfortunately, the Department has been unable to meet that deadline, resulting in a number of lawsuits over the Department's failure to meet its statutory and contractual obligation and a growing financial liability over that failure. The Court of Federal Claims has found the Department to be in breach of its contractual obligations and is proceeding to determine the extent of damages.

The primary consequence of the Department's failure to begin accepting spent nuclear fuel is not, however, the existence of lawsuits and damage claims; it is that vast quantities of commercial spent nuclear fuel remain in temporary storage at reactor sites scattered around the country, many located near major population centers. The Committee is not questioning the current safety and security of spent nuclear fuel stored at commercial sites in accordance with Nuclear Regulatory Commission criteria. The Committee does, however, believe that the safety and security of these materials will be enhanced the sooner they are placed in the underground repository at Yucca Mountain. After the events of September 11, 2001, the Committee believes it is more essential than ever to move aggressively to get the Yucca Mountain repository licensed, built, and operating at the earliest possible date.

Chronic funding shortfalls, however, have starved the program of the resources necessary to keep the repository program on schedule. The Department's latest schedule calls for opening the repository and beginning to accept spent fuel in 2010 at the earliest, over 12 years behind schedule. Most recently, the Department requested a total of \$591,000,000 for the nuclear waste disposal program in fiscal year 2003, yet received only \$457,000,000, a funding shortfall

of \$134,000,000. Such funding shortfalls have forced the Department to concentrate its limited resources on preparing the repository License Application, which is presently scheduled for submission to the NRC in December 2004. The Department's emphasis on the License Application has meant that other activities, especially those relating to the transportation of materials to the repository to support initial operations in 2010, have suffered major delays.

The Committee recommends \$335,000,000 for nuclear waste disposal, an increase of \$174,000,000 over the budget request of \$161,000,000. The intent of this funding level is to make sure that the Department has the necessary funds to support a timely and technically robust License Application, and to provide additional funds for activities related to initial repository operations in 2010, primarily for development of a safe and secure transportation system in Nevada. Combined with the appropriation of \$430,000,000 from the Defense Nuclear Waste Disposal account, this provides a total of \$765,000,000 for Nuclear Waste Disposal activities in fiscal year 2004, an increase of \$174,000,000 over the budget request.

The Committee is also concerned about a number of delays in the repository program that have been caused, not by shortfalls in funding provided by Congress, but by internal legal and policy decisions made within the Department. The Secretary, the General Counsel, and the Director of the Office of Civilian Radioactive Waste Management are reminded that Congress expects the Department to take all the actions necessary to keep this repository on schedule for initial operations in 2010. Delaying the resolution of pending litigation and avoiding potential future litigation are not the objectives of this program. The Department cannot minimize its legal exposure simply by taking no new actions; the Department must make the decisions and take the actions necessary to execute its nuclear waste disposal responsibilities as mandated by law, and accept the legal consequences of those actions. The Committee strongly believes that the best way to minimize the liability of the Federal government for spent nuclear fuel is to get on with the repository program in an expeditious manner.

License application.—The Department is directed to submit the License Application to the Nuclear Regulatory Commission not later than December 31, 2004. Any delays in this submission will cause unacceptable delays in the start of repository operations, which will not only increase the Federal government's liability on commercial spent fuel, but will also impact the ability of the Department to remove defense-related high level radioactive waste and spent nuclear fuel from other sites in the DOE complex, and may affect the government's ability to meet legally enforceable cleanup milestones at those sites. The Committee has provided sufficient resources to ensure that the License Application can be submitted on schedule by the Department and can withstand the technical and legal challenges it will face in the licensing process.

License support network.—The Committee directs the Department that Congressional communications between the Members and staffs of the House and Senate Committees on Appropriations and the Department are not to be included in documentation posted on the License Support Network.

Nevada transportation and site preparation activities.—The Committee notes the concerns of the State of Nevada about the selection of a transportation corridor within the State, particularly about any corridor that runs through or near the Las Vegas metropolitan area. The Secretary's continued delay in issuing the Record of Decision to designate a preferred transportation corridor within the State of Nevada has not been helpful in resolving these concerns. The Committee does not approve of any further consideration of alternative rail routes that would transport spent nuclear fuel and high-level radioactive waste through the environs of metropolitan Las Vegas. Therefore, the Committee includes bill language providing that none of the funds in this or any other appropriations Act may be used for the planning or development of the Valley Modified Corridor and the Jean Corridor, and variations thereof, as those corridors are delineated in the Final Environmental Impact Statement for a Geologic Repository for the Disposal of Spent Nuclear Fuel and High-Level Radioactive Waste at Yucca Mountain, Nye County, Nevada, dated February 2002. Of the remaining alternatives that avoid the Las Vegas Metropolitan Area, the information provided from the Department leads the Committee to believe that the Caliente Corridor, though not the cheapest, is the most feasible rail corridor to implement. The Committee allows the Secretary discretion in selecting the preferred rail corridor, as long as the selected corridor does not pass through the Las Vegas Metropolitan Area. The Committee includes bill language requiring the Secretary to designate rail as the preferred mode of transportation within Nevada and to select a Nevada rail corridor within 60 days after enactment, and then to conduct the full scale environmental and engineering analysis to select a specific rail alignment within the selected rail corridor and issue a final Record of Decision on the Nevada transportation system designating the specific rail alignment by June 30, 2005.

The Committee directs the Department to focus its efforts on accelerating the development of a rail line in Nevada, with the objective of being ready to begin physical construction of the rail line immediately after receipt of the construction authorization for the repository, which is presently scheduled for 2007. This means the Department should have all planning, design, right-of-way acquisition, and land withdrawal actions complete in time to support such a 2007 construction start. If the Secretary selects the Caliente corridor as the preferred rail corridor, the Secretary may spend up to \$3,000,000 to initiate planning and design activities to support the construction of a rail-to-truck intermodal transfer facility to be located at Caliente, Lincoln County, Nevada, to support limited legal-weight truck transportation until the rail system is fully operational. These funds for the Caliente intermodal transfer facility are separate from the external oversight funds provided to affected units of local government. The Committee recommendation provides a total of \$70,000,000 for Nevada transportation activities. Development of this Nevada rail corridor for spent nuclear fuel and high-level radioactive waste will also benefit the safe transportation of low level waste and transuranic waste to and from the State of Nevada.

Without prejudging the outcome of the NRC licensing process, and recognizing that the repository might not be licensed, the Secretary should perform all the necessary planning, site preparation, and preliminary construction needed to assure that, if construction authorization is received from NRC on schedule in 2007, the construction of the underground repository as well as the above-ground facilities and supporting infrastructure can proceed on a schedule to support the start of repository operations by 2010. The Committee views this “at-risk” planning, site preparation, and preliminary construction as necessary to support initial operations in 2010 if the NRC authorizes repository construction. The Committee recommendation provides a total of \$20,000,000 to initiate site preparation activities.

To the maximum extent practicable, the Department shall ensure that funds provided for the development of infrastructure in the State of Nevada shall be spent through contracts awarded to contractors and subcontractors who are party to labor agreements applicable to all of its employees who are residents of that State and who perform manual labor and other work pursuant to such contract or subcontract.

Local Impact Assistance.—Section 116 of the Nuclear Waste Policy Act of 1982, as amended, authorizes financial assistance to the State of Nevada and affected units of local government to mitigate any potential economic, social, public health and safety, and environmental impacts of the repository. With the repository siting decision having been made last year and Nevada transportation decisions in process as directed in the preceding paragraph, the Committee believes the time has come to begin providing this impact assistance to the State and affected local governments along the selected rail corridor. The Committee recommendation makes available a total of up to \$30,000,000 for such impact assistance, contingent upon submission of a plan and approval of the plan by the Director of the Office of Civilian Radioactive Waste Management. The Committee considers the transportation, emergency response, and medical services measures proposed in the plan already prepared by Nye County, Nevada, the “Nye County, Nevada, Community Protection Plan,” dated August 2001, to be representative of the kind of impact assistance contemplated under this section.

Comprehensive national acceptance and transportation plan.—The Committee has previously expressed concerns about the Department’s inadequate preparation for waste acceptance, storage, and transportation to the repository. Although the Committee recognizes that funding shortfalls have forced the Department to concentrate its limited resources on the License Application, the Committee believes the Department must maintain its focus on the actions necessary to support the start of repository operations in 2010. The Department has already stated that it will issue a National Transportation Strategic Plan later this year to serve as a framework for having a national transportation system operational by 2010. While the Committee looks forward to receiving this National Transportation Strategic Plan, the Committee believes the Department should be working more actively with the contract holders and the DOE sites that will be shipping spent nuclear fuel and high-level waste to the repository to develop a detailed and

comprehensive acceptance and transportation plan for the years 2010–2020. The Department should submit this comprehensive plan to the House and Senate Committees on Appropriations not later than December 31, 2004. This plan should be developed to maximize efficient transportation and minimize the costs of continued on-site storage at contract holder and DOE sites. DOE should not allow the existence of ongoing litigation over DOE's failure to begin accepting commercial spent fuel on the statutorily mandated date to preclude having the essential discussions with contract holders. DOE should negotiate with contract holders to reach a timely decision on the schedule for acceptance of spent nuclear fuel stored in existing NRC-licensed storage and transport systems. In addition, the Department should either ensure that the detailed acceptance criteria that will be part of the license application will include appropriate criteria and specifications for greater-than-class-C waste, or present Congress with a separate plan proposing an alternative disposal path for greater-than-class-C waste. The comprehensive acceptance and transportation plan shall ensure that spent nuclear fuel and high-level waste from those reactor sites that are undergoing decommissioning, including the Dairyland Power Cooperative La Crosse Boiling Water Reactor, shall be accepted and transported as soon as practicable to facilitate the closure of these sites. Finally, the Committee expects the Department to commence the institutional coordination and procurement actions necessary to support a national transportation campaign to begin shipping spent nuclear fuel and high-level waste to the repository beginning in 2010. The Committee recommendation provides \$35,000,000 for comprehensive national acceptance and transportation activities. The Committee directs the Department to provide not less than \$20,000,000 to the Idaho National Engineering and Environmental Laboratory (INEEL) to use the expertise developed at INEEL on the handling, packaging, and transportation of spent fuel and high-level waste to execute the tasks outlined in this section.

Updated Project Decision Schedule.—The Committee directs the Department to submit an updated Project Decision Schedule (PDS) as required by subsection 114(e) of the Nuclear Waste Policy Act of 1982, as amended. Not later than December 31, 2003, the Department shall submit the updated PDS to the House and Senate Committees on Appropriations, the House Energy and Commerce Committee, and the Senate Committee on Energy and Natural Resources. The updated PDS shall identify all steps required to initiate repository operations in 2010, including but not limited to: all waste acceptance, storage, and transportation elements; all surface and subsurface actions at the repository, including supporting infrastructure; all actions and decisions relating to federal and non-federal casks; and all training and emergency response assistance necessary for transportation of spent nuclear fuel. The updated PDS shall be fully resource-loaded and shall identify the budgetary resources required in each fiscal year to support the start of repository operations in 2010. As provided in subsection 114(e) of the Nuclear Waste Policy Act of 1982, as amended, the PDS shall include a description of the objectives and a sequence of deadlines for all Federal agencies to take required actions related to repository con-

struction and operations. The PDS shall identify those actions by the Department and by other Federal agencies that are on the critical path and for which a delay in completion will cause a delay in the start of repository operations. The Committee expects the Department to use the updated PDS to move aggressively to implement the provisions of paragraph (2) of subsection 114(e) to identify and resolve differences with other Federal agencies that could cause delays in the start or conduct of repository operations. The Committee also directs the Department to submit as part of its budget request for fiscal year 2005 a comprehensive legislative package that identifies all statutory language that will be necessary for repository operations to begin in 2010, including but not limited to: a proposal to ensure the availability of long-term funding for the repository program; land withdrawal and right-of-way acquisition for the repository site and for all supporting infrastructure, including the Nevada rail corridor and the Caliente intermodal transfer facility, and any other required legislative actions. The Committee recommendation provides \$6,000,000 for the preparation of an updated and resource-loaded project decision schedule.

Early acceptance of spent nuclear fuel.—Since the last time that Congress considered authorizing the early acceptance of spent fuel, there have been two major changes in national circumstances. First, a majority of Members in both chambers of Congress voted in 2002 to confirm Yucca Mountain as the site of the nuclear repository. Second, the events of September 11, 2001, made clear that facilities we once assumed to be safe from terrorist attack may no longer be so. The Committee believes that the continued storage of spent nuclear fuel at reactor sites around the country, while in compliance with Nuclear Regulatory Commission standards, poses a greater safety and security risk than previously assumed. The Committee further believes that safety and security would be improved if this spent fuel could be moved to a centralized surface storage facility, located at the Yucca Mountain repository site, at the earliest possible date. The Committee directs the Department to prepare a plan for early acceptance of commercial spent nuclear fuel presently stored at commercial power plants and storage sites, and for early shipment of such spent fuel to a surface storage facility at the Yucca Mountain repository site. This plan should identify the budgetary resources needed and provide the draft statutory language that would be required to initiate such early shipments upon receipt of the construction authorization for the underground repository. This plan should also address the possibility of early shipment of spent fuel and high-level waste presently stored at a variety of DOE sites. The early acceptance plan should include a thorough analysis of the casks that will be required for transport and interim storage at the repository site, and should propose an aggressive cask procurement strategy to allow for the movement of significant quantities of spent nuclear fuel beginning in 2007, assuming the timely receipt of the construction authorization. The plan should analyze the potential cost savings that could result from placing cooled fuel, presently stored in spent fuel pools, into dual use casks rather than separate storage and transportation casks. The Department is directed to submit this plan to the House and Senate Committees on Appropriations not later than December

31, 2003. The Committee recommendation provides \$4,000,000 for early acceptance activities.

External oversight funds.—The fiscal year 2004 budget request did not include any external oversight funds for the State of Nevada or affected units of local government. The Committee recommendation provides an amount not to exceed \$2,500,000 for the State of Nevada and an amount not to exceed \$6,500,000 for the affected units of local government to conduct their respective external oversight responsibilities, essentially the same as provided in fiscal year 2003. The Committee is aware that the Department of Energy Inspector General conducted separate audits of the external oversight funds provided to the State of Nevada (DOE-IG Audit Report CR-C-02-01, dated August 2002) and to the affected units of local governments (DOE-IG Audit Report DOE/IG-0600, dated May 2003), and found irregularities in a number of expenditures. The Committee lacks sufficient information to offer guidance on whether the Department should seek to recover Federal funds used for questioned oversight expenses; that judgment remains with the Department. However, the Committee is concerned enough about the problems identified by the Inspector General to direct that the external oversight funds for fiscal year 2004 should not be released to the State of Nevada and affected units of local government until the Director of the Office of Civilian Radioactive Waste Management has reviewed and approved in advance the State and local government oversight plans for fiscal year 2004. The Department is reminded that it is required to audit these funds annually to ensure that they are spent consistent with the statutory restrictions and with the approved oversight plans.

Long-term program funding.—The Committee was disappointed that the Department failed to champion effectively the budget cap adjustment that was proposed in the fiscal year 2004 budget request. As the program moves out of the site characterization phase and into license application, design, and construction phases, the funding requirements will increase significantly in coming fiscal years. Therefore, it is even more critical that the Department develops an integrated long-term budget plan for this program, and submits the legislative proposal necessary to secure future funding for the repository. The Committee reiterates its direction that the Department should submit its long-term budget plan for the repository program, including the necessary changes to existing law, as part of its next budget submission to the Congress.

DEPARTMENTAL ADMINISTRATION

GROSS APPROPRIATION

Appropriation, 2003	\$205,280,000
Budget Estimate, 2004	326,306,000
Recommended, 2004	224,329,000
Comparison:	
Appropriation, 2003	+19,049,000
Budget Estimate, 2004	− 101,977,000

MISCELLANEOUS REVENUES

Appropriation, 2003	— \$120,000,000
Budget Estimate, 2004	— 146,668,000
Recommended, 2004	— 123,000,000
Comparison:	
Appropriation, 2003	— 3,000,000
Budget Estimate, 2004	+23,668,000

The Committee recommendation for Departmental Administration is \$224,329,000, a decrease of \$101,977,000 from the budget request of \$326,306,000. Funding recommended for Departmental Administration provides for general management and program support functions benefiting all elements of the Department of Energy including the National Nuclear Security Administration. The account funds a wide array of headquarters activities not directly associated with program execution.

After the changes in the use of prior year balances and the transfer from Other Defense Activities are factored out, the Department's gross budget request for Departmental Administration amounts to an increase of \$44,347,000, or roughly 14 percent, over the fiscal year 2003 level. The Committee does not concur with this large increase for DOE headquarters functions and funds Departmental Administration at roughly five percent over fiscal year 2003 levels, applying the additional funds to other higher priority needs. In particular, the Committee believes these requested funds would be better applied to address the backlog of safety deficiencies at the ten Science laboratories, a backlog which developed under the nose of the DOE employees charged with establishing the policies and regulating safety at DOE laboratories. This backlog is an unfortunate byproduct of the Department's continued reliance on self-regulation of nuclear and worker safety at its Science laboratories. Therefore, the Committee recommends transferring \$25,000,000 from Departmental Administration to the Science Laboratories Infrastructure subaccount within the Science appropriation to protect the health and safety of laboratory employees, visiting researchers, and the population of the communities surrounding these ten Science laboratories.

Within the available funds, the Department is directed to conduct a study on how to increase the proportion of small business participation in DOE contracts; the contract for such a study should be awarded to a qualifying small business.

Chief Information Officer.—The Committee is generally supportive of the I-MANAGE and cybersecurity initiatives of this office, but does not concur with all of the requested 46 percent increase for this office. The Committee recommendation provides an additional \$6,000,000 over the fiscal year 2003 funding level for implementation of STARS and of the data warehouse for the Department's financial data.

General Counsel.—The Committee disagrees with a number of legal and policy positions taken recently by the Office of General Counsel, and is concerned that the Secretary, the Congress, and the American taxpayer are not being well-served by this office. The Committee recommendation is \$20,000,000, a reduction of \$2,879,000 from the budget request.

Office of Management, Budget and Evaluation.—The Committee believes that the Office of Engineering and Construction Management within the Office of Management, Budget and Evaluation continues to provide a strong focal point for the improvement of project management capabilities throughout the Department. The Committee recommendation transfers \$5,000,000 from other accounts (i.e., Weapons Activities and Defense Site Acceleration Completion) to continue external independent reviews of proposed projects and programs. To continue to train and certify DOE project managers, the Committee directs the Department to make available not less than \$2,500,000 from the Working Capital Fund to fund training under the Project Management Career Development Program.

Working Capital Fund.—The Committee renews its guidance as presented in House Report 107–681 regarding management of the Working Capital Fund.

Cost of Work for Others.—The recommendation for the cost of work for others program is \$69,682,000, the same as in fiscal year 2003.

Use of Prior Year Balances.—The recommendation does not include the use of prior year funds to be carried over from fiscal year 2003 to offset the fiscal year 2004 funding requirements.

Revenues.—The recommendation for revenues is \$123,000,000, consistent with the estimate of revenues provided by the Congressional Budget Office.

Transfer from Other Defense Activities.—For many years, full funding for all corporate and administrative activities of the Department has been provided in the energy portion of this bill despite the fact that the Department's funding is provided in the national security and defense-related cleanup programs account for approximately 75 percent of the Department's total budget. The Committee recommendation distributes these costs more equitably in fiscal year 2004 and transfers \$86,679,000 from Other Defense Activities for national security programs, an increase of \$61,679,000 over the budget request.

OFFICE OF INSPECTOR GENERAL

Appropriation, 2003	\$37,426,000
Budget Estimate, 2004	39,462,000
Recommended, 2004	39,462,000
Comparison:	
Appropriation, 2003	+2,036,000
Budget Estimate, 2004	

The Office of Inspector General performs agency-wide audit, inspection, and investigative functions to identify and correct management and administrative deficiencies that create conditions for existing or potential instances of fraud, waste and mismanagement. The audit function provides financial and performance audits of programs and operations. The inspections function provides independent inspections and analyses of the effectiveness, efficiency, and economy of programs and operations. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations.

The Committee recommendation is \$39,462,000, the same as the budget request.

ATOMIC ENERGY DEFENSE ACTIVITIES

The Atomic Energy Defense Activities programs of the Department of Energy include the National Nuclear Security Administration that consists of Weapons Activities, Defense Nuclear Nonproliferation, Naval Reactors, and the Office of the Administrator; Defense Environmental Management programs which include Site Acceleration Completion and Defense Environmental Services; Other Defense Activities; and Defense Nuclear Waste Disposal. Descriptions of each of these accounts are provided below.

NATIONAL NUCLEAR SECURITY ADMINISTRATION

The Department of Energy is responsible for enhancing U.S. national security through the military application of nuclear technology and reducing the global danger from the proliferation of weapons of mass destruction. The National Nuclear Security Administration (NNSA), a semi-autonomous agency within the Department, carries out these responsibilities. Established in March 2000 pursuant to Title 32 of the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106-65), NNSA is responsible for the management and operation of the Nation's nuclear weapons complex, naval reactors, and nuclear nonproliferation activities. Three offices within the NNSA carry out the Department's national security mission: the Office of Defense Programs, the Office of Defense Nuclear Nonproliferation, and the Office of Naval Reactors.

The Committee recommendation for the NNSA is \$8,508,184,000, a decrease of \$326,391,000 from the budget request of \$8,834,575,000, but an increase of \$330,617,000 over fiscal year 2003.

Nuclear weapons budget requirements.—This Committee continues to believe that our nation's nuclear arsenal provides a vital deterrent to potential aggressors. In order to maintain a modern nuclear stockpile, the Nation needs to have a modern, efficient, and flexible nuclear weapons complex with the necessary design, production, testing, refurbishment, and dismantlement capabilities. Unfortunately, the country possesses neither a modern stockpile nor a modern nuclear weapons complex. Instead, both are largely carryovers from the Cold War era. After careful consideration, the Committee has concluded that much of the current situation results from a flawed budget process. Under the current process, the Department of Defense (DoD) establishes the military requirements for Nation's nuclear weapons stockpile (i.e., numbers and types of warheads), which in turn dictates the requirements that DOE must meet to ensure the safety, security, and reliability of those weapons. The size, capability and cost of DOE's weapons complex is a direct result of the specific requirements established by DoD for warhead refurbishments, design modifications, testing, and dismantlement. However, when DoD develops their requirements their decision process is not constrained by the normal types of budget trade-offs that an agency confronts in the process of formulating a budget request. In effect, DoD sets the requirements and

leaves it up to DOE to come up with the budget to support the nuclear weapons complex each year. If these costs were funded directly by DoD, the nuclear weapons activities would be considered against other national defense priorities, such as developing improved conventional weapons, procuring more of existing weapon systems, paying ever-increasing operational and training costs, and providing a better quality of life for our soldiers, sailors, and airmen. Similarly, if the costs of the nuclear weapons complex were solely determined by the DOE, they would be balanced against other DOE priorities, such as nonproliferation, science research, improving the Nation's energy supply, or accelerating the cleanup of contaminated sites. Instead, the weapons activities portion of the NNSA budget is effectively insulated from any such tradeoffs—DoD sets requirements that another agency has to fund, and DOE treats the weapons activities budget as untouchable because DoD set the requirements.

There needs to be a serious debate about whether the approximately \$6 billion spent annually on DOE's nuclear weapons complex is a sound national security investment. Until that debate occurs and the DOE weapons budget request is subject to meaningful budget trade-offs, this Committee will not assume that all of the proposed nuclear weapons requests are legitimate requirements.

Future Years Nuclear Security Program.—The Committee expects the NNSA Administrator to continue to address the deficiencies noted by the Committee in the past so that the NNSA's Future Years Nuclear Security Program (FYNSP) can be used by both the Department and Congress as an effective multi-year programming and budgeting resource, which includes realistic resource constraints that force meaningful decisions on potential tradeoffs between programs. The Committee notes particular support for the ongoing effort of the NNSA to implement a Planning, Programming, Budgeting and Evaluation (PPBE) structure and a budgeting by weapons type budget process. The Committee will work with the Department to implement a budgeting by weapons type pilot in fiscal year 2004 and full implementation in fiscal year 2005 and urges the Department to maintain a management focus on this transition to ensure a successful implementation process.

The Committee notes that the DOE Inspector General is conducting an independent review of the NNSA's PPBE process and structure, including its comparability to that of the Department of Defense. The early indications from that review indicate that the NNSA has made significant progress in implementing their planning, programming, budgeting, and evaluation process. However, there are several areas where improvements need to be made before it is fully operational. Specifically, the NNSA needs to address independent cost validation of contractor cost estimates that form the basis for Department's budget estimates. The Committee will withhold any recommendations pending the final IG report.

WEAPONS ACTIVITIES

Appropriation, 2003	\$5,981,409,000
Budget Estimate, 2004	6,378,000,000
Recommended, 2004	6,117,609,000
Comparison:	
Appropriation, 2003	+136,200,000
Budget Estimate, 2004	-260,391,000

The goal of the Weapons Activities program is to ensure the safety, security, reliability and performance of the Nation's nuclear weapons stockpile. The program seeks to maintain and refurbish nuclear weapons to sustain confidence in their safety and reliability under the nuclear testing moratorium and arms reduction treaties. The Committee's recommendation for Weapons Activities is \$6,117,609,000, a decrease of \$260,391,000 from the budget request of \$6,378,000,000, but an increase of \$136,200,000 over fiscal year 2003.

Within the total amount appropriated in fiscal year 2003 the wartime supplemental appropriations bill contained additional funding of \$67,000,000 for weapons activities. An additional \$47,000,000 was provided for increased safeguards and security requirements and \$20,000,000 for activities of the Office of Secure Transportation Asset.

Availability of funds.—Consistent with the provisions of H.R. 1588, the National Defense Authorization Act for Fiscal Year 2004, the funds in this account are available until September 30, 2006.

Stockpile Review.—The Committee is still waiting for the Nuclear Weapons Stockpile report required in the Conference Report accompanying the Energy and Water Development Appropriations Act, 2003 (Pub. L. 108-7). This stockpile review is to present a revised nuclear weapons stockpile plan structured to support the President's announcement on November 13, 2001, to draw down our nuclear forces toward the goal of 1,700-2,200 operationally deployed strategic nuclear warheads between now and 2012. As the Committee noted in the FY 2003 House Report 107-681, "The National Nuclear Security Administration has not been able to reconcile the recently announced dramatic reductions planned for deployed operational nuclear warheads to its strategic weapons modernization plans, some of which will cost billions of dollars each, and which are currently structured to upgrade the maximum number of warheads." One year later, the situation has not changed. The Department of Defense (DoD) is responsible for establishing the military requirements that are incorporated into the Presidentially approved Nuclear Weapons Stockpile Plan (NWSP). Until a revised NWSP is finalized, the NNSA continues to plan and budget for a weapons program that maintains the nuclear weapons stockpile in accordance with the Strategic Arms Reduction Treaty (START I) active and inactive stockpile quantities. The fiscal year 2004 budget request is the second budget request delivered to the Committee that is loosely justified on the requirements of the Nuclear Posture Review (NPR) policy document but lacking a formal plan that specifies the changes to the stockpile reflecting the President's decision. The Committee was hopeful that the outcome of the Administration's review would provide a definitive inventory objective for each weapons system to allow the NNSA to plan and execute a pro-

gram to support defense requirements based on what is needed rather than the continuation of a nuclear stockpile and weapons complex built to fight the now defunct Soviet Union. While the conventional forces in the Defense Department go through a 21st-Century transformation to meet the challenges of a new era, the NNSA is forced, through inertia and indecision, to maintain all contingencies regardless of how unlikely the threat. The Department of Defense needs to determine the composition of the stockpile required to support the President's announced stockpile reductions, and then coordinate with DOE to establish the nuclear weapons complex requirements based on deliberate, timely, well-justified decisions supported by Congress. Because the results of the stockpile review will not be provided to Congress in time to justify the fiscal year 2004 budget request, the Committee has to view the significant budget growth proposed for the current program with skepticism.

W80 life extension project.—The Committee has had a special interest in the W80 warhead stockpile life extension project (W80 LEP) and has consistently asked for unambiguous answers from the NNSA and the Air Force, the military user of the W80 weapons system, justifying the significant budget increases and the aggressive schedule for the W80 LEP. In fiscal year 2000, the Nuclear Weapons Council agreed to a W80 LEP schedule assuming a W80 LEP First Production Unit (FPU) in fiscal year 2006. However, the Committee understands that both NNSA and the Defense Department are currently reviewing the Air Force requirement for the W80 FPU and the NNSA is rebaselining the W80 LEP program to meet a revised delivery date to the Air Force in fiscal year 2008 or fiscal year 2009. However, the existing fiscal year 2006 FPU baseline continues to drive the budget request and the Committee has yet to receive an acceptable military justification for supporting such an aggressive W80 LEP program. Until a revised W80 LEP baseline has been finalized and justified to Congress, the Committee will continue to view the large proportion of the NNSA budget proposed for accelerated W80 LEP activities as unnecessary. As a result, the Committee has reduced the weapons activity budget for the W80 LEP.

Stockpile Life Extension Program budget request.—The General Accounting Office is currently conducting a review of the NNSA's Stockpile Life Extension Program (SLEP) addressing the comprehensiveness and reliability of the SLEP budget requests for each of the four specific warhead life extension projects: W87, W80, W76, and the B61. The Department's life extension activities are designed to extend the service life of the existing nuclear weapons stockpile by providing new subsystems and components for each warhead thereby extending the operational service life. Preliminary results from the GAO review identify concerns that question the reliability of the SLEP fiscal year 2004 budget request. The Committee is particularly concerned that the NNSA has yet to develop a managerial cost accounting system that provides the full cost of the refurbishments programs and validates the cost estimates that are used to develop the budget requests. The Committee has consistently requested comprehensive cost estimates for the individual weapon type SLEPs. While the NNSA is making progress in budg-

eting by weapons type, the weapons activities campaign costs are still unassigned by weapon type even though the budget justifications for many of the proposed campaigns activities are tied to the life extension requirements. The Committee will withhold any recommendations pending the final GAO report.

Life-of-Program buys.—The Committee notes that the W76 and W80 life extension programs include procurement actions referred to in the Selected Acquisition Reports as “Life-of-Program buys.” Such procurements assume the purchase of sufficient units to supply the entire inventory of weapons (i.e., every Block) to be refurbished during the life extension program. The purpose of the “life of program buy” concept is to ensure the availability of commercial parts and minimize the scope of required qualifications and surveillance programs. The Committee appreciates the potential program efficiencies of a “life-of-program buy” including a simplified qualification process and subsequent surveillance program. However, if the NNSA’s current planning assumes refurbishing the entire START I stockpile and the ongoing Administration’s review of the stockpile results in significant changes to the number of warheads required for the relevant weapon system, such procurements risk buying significantly more units than are necessary. This is another instance where the continued delay in the decision-making and implementation of a revised stockpile plan risks wasting resources. The Administrator is directed to include all “life-of-program buy” procurements for each currently planned LEP in the Selected Acquisition Reports submitted with the fiscal year 2005 budget request, including the number of warheads to be refurbished assumed in procurement, how much is budgeted for each procurement, the procurement schedule and the specific rationale for proposing a Life-of-Program buy.

Reprogramming Authority.—The conference agreement provides limited reprogramming authority within the Weapons Activities account without submission of a reprogramming to be approved in advance by the House and Senate Committees on Appropriations. The reprogramming thresholds will be as follows: directed stockpile work, science campaigns, engineering campaigns, inertial confinement fusion, advanced simulation and computing, pit manufacturing and certification, readiness campaigns, and operating expenses for readiness in technical base and facilities. This should provide the needed flexibility to manage these programs.

In addition, funding of not more than \$5,000,000 may be transferred between each of these categories and each construction project subject to the following limitations: only one transfer may be made to or from any program or project; the transfer must be necessary to address a risk to health, safety or the environment or to assure the most efficient use of weapons activities funds at a site; and funds may not be used for an item for which Congress has specifically denied funds or for a new program or project that has not been authorized by Congress.

The Department must notify Congress within 15 days of the use of this reprogramming authority. Transfers during the fiscal year which would result in increases or decreases in excess of \$5,000,000 or which would be subject to the limitations outlined in

the previous paragraph require prior notification and approval from the House and Senate Committees on Appropriations.

DIRECTED STOCKPILE WORK

Directed Stockpile Work includes all activities that directly support weapons in the nuclear stockpile, including maintenance, research, development, engineering, and certification activities. The Committee's recommendation is \$1,343,786,000, a decrease of \$21,000,000 from the budget request, but an increase of \$117,343,000 over fiscal year 2003.

The Committee notes an increase of over \$138,343,000 in the fiscal year 2004 request over the fiscal year 2003 enacted level in the Directed Stockpile Work account. Because of the still undefined outyear DOD requirements for the W80 weapons system, the Committee is reducing DSW workload concerning the W80 Life Extension Program a total of \$20,000,000. The Committee notes that the Selected Acquisition Report for the W80 shows a growth of \$42,000,000 in DSW from fiscal year 2003 to fiscal year 2004. However, the Committee recognizes a portion of this increase is associated with the "first user concept" under which funding is assigned to a specific weapons type on the basis of first required utilization of facilities or activities on the part of a specific weapon refurbishment. The Committee agrees with this cost accounting concept and expects the NNSA to continue to use it for budgeting by weapons system. The Committee expects the NNSA to maintain the fiscal year 2003 level of effort as it rebaselines the W80 LEP to be consistent with revised Air Force plans and requirements. DSW Stockpile Research and Development is reduced \$13,000,000 to slow activity consistent with the W80 LEP rebaselining. The Committee's recommendation increases Stockpile Maintenance a net \$9,000,000 by reducing W80 LEP activities by \$6,000,000 and increasing funding by \$15,000,000 for the Y-12 Plant in Tennessee to complete and closeout the W87 LEP activities in fiscal year 2004. Stockpile Evaluation is reduced \$1,000,000 to slow activity consistent with the W80 LEP rebaselining.

Robust Nuclear Earth Penetrator and Advanced Concepts research.—The Committee notes that the National Nuclear Security Administration has requested \$21,000,000 in DSW Stockpile R&D to explore advanced weapons concepts, including \$15,000,000 to continue feasibility and cost studies for the Robust Nuclear Earth Penetrator (RNEP) and \$6,000,000 for other advanced concepts definition studies. The Committee provides \$5,000,000 for RNEP and eliminates funding for additional advanced concepts research in favor of higher priority current mission requirements. The Committee is concerned the NNSA is being tasked to start new activities with significant outyear budget impacts before the Administration has articulated the specific requirements to support the President's announced stockpile modifications. Under current plans, the NNSA is attempting to modernize the industrial infrastructure of the weapons complex and restore production plant capability in order to refurbish the entire START I stockpile, reengineer the federal management structure of the complex and downsize the workforce by 20 percent by the end of fiscal year 2004, while struggling to successfully demonstrate its core mission of maintaining the ex-

isting stockpile through the Stockpile Stewardship Program. Before any of the existing program goals have been successfully demonstrated, the Administration is now proposing to spend millions on enhanced test readiness while maintaining the moratorium on nuclear testing, aggressively pursue a multi-billion dollar Modern Pit Facility before the first production pit has even been successfully certified for use in the stockpile, develop a robust nuclear earth penetrator weapon and begin additional advanced concepts research on new nuclear weapons. It appears to the Committee the Department is proposing to rebuild, restart, and redo and otherwise exercise every capability that was used over the past forty years of the Cold War and at the same time prepare for a future with an expanded mission for nuclear weapons. Nothing in the past performance of the NNSA convinces this Committee that the successful implementation of Stockpile Stewardship program is a foregone conclusion, which makes the pursuit of a broad range of new initiatives premature. Until the NNSA has demonstrated to the Congress that it can successfully meet its primary mission of maintaining the safety, security, and viability of the existing stockpile by executing the Stockpile Life Extension Program and Science-based Stewardship activities on time and within budget, this Committee will not support redirecting the management resources and attention to a series of new initiatives.

The Committee directs that funding provided for the Robust Nuclear Earth Penetrator (RNEP) be used for research on the problem of deep earth penetration through hard or hardened surfaces, including modeling and simulation of the use of advanced materials, and varied trajectories and speeds. The Committee further directs that the National Nuclear Security Administration (NNSA) coordinate the RNEP research program with ongoing programs at the Department of Defense relating to research on earth penetration to maximize the dual-use applicability for both conventional and nuclear weapons.

The fiscal year 2004 budget request identified specific funding amounts by weapons system in the Selected Acquisition Reports that accompanied the submission of the President's budget request. The Committee is to be notified in advance if the proposed funding levels for any weapons system change from the estimate provided in the Selected Acquisition Reports submitted with the fiscal year budget justification. Congressional approval will be required before any actual RNEP modifications are initiated.

CAMPAIGNS

Campaigns are focused efforts involving the three weapons laboratories, the Nevada Test Site, the weapons production plants, and selected external organizations to address critical capabilities needed to achieve program objectives. The Committee recommendation is \$2,268,455,000, a decrease of \$127,000,000 below the budget request of \$2,395,455,000.

In order to facilitate review of the President's annual budget request, the Committee continues to direct the Department to provide project baseline data for each campaign to include a brief description of the campaign with planned completion dates, the total estimated cost of each campaign, the costs by fiscal year for each

major component of the campaign, and a list of major milestones by year. The Committee expects the Department to provide detailed project baseline data for each campaign showing the annual and five-year costs, schedule, scope, and deliverables for individual project activities as part of the fiscal year 2005 budget request.

From within funds provided for the various campaigns, \$4,300,000 is for the University Research Program in Robotics.

Science campaigns.—The Committee recommendation for science campaigns is \$236,548,000, a reduction of \$33,000,000 from the budget request. The dynamic materials properties campaign is reduced by \$5,000,000 because of slower progress than anticipated in Atlas experiments in fiscal year 2003, and the advanced radiography campaign is reduced by \$20,000,000 due to reduction in the level of R&D work in the development of the multi-axis multi-time radiography. The primary certification campaign was reduced \$8,000,000 by limiting the increase in the Boost Physics activity to \$5,000,000 over current year and limiting the Materials Science Integration and Analysis increase to \$3,516,000 over current year consistent with W80 LEP rebaselining.

Inspector General report.—The Committee is very concerned about the recent DOE Inspector General report (DOE/IG-0599) on the Dual Axis Radiographic Hydrodynamic Test Facility (DARHT) project that included findings that, notwithstanding the NNSA announcement that DARHT construction project had been completed on time and within budget, the facility would not be fully operational until June 2004. In addition to the 15-month delay from the projected completion date of March 2003, the IG noted a lack of a viable baseline and the shifting of at least \$57.5 million of additional costs that were transferred to other work elements but should have been identified with the DARHT total project cost. The Committee has consistently urged the NNSA to strengthen its federal project management oversight expertise and reviews such as the DARHT audit reinforces the Committee's position on that recommendation.

Engineering campaigns.—The Committee recommendation for engineering campaigns is \$298,187,000, a decrease of \$33,000,000 from the budget request. The enhanced surety campaign is reduced \$5,000,000 to slow down the level of effort identified for advanced use denial elements and options for the W80 Block 2, which under current W80 LEP schedule is not scheduled to start until fiscal year 2011. The Committee reduces the large increase for the enhanced surveillance campaign by \$3,000,000 within the nonnuclear components, nonnuclear materials, and systems work activities.

Construction projects.—The Committee recommends \$36,800,000 a reduction of \$25,000,000 from the budget request, for Project 01-D-108, Microsystem and engineering science applications (MESA), SNL, New Mexico, to rebalance the current financial state of the construction project. The Committee is supportive of the MESA project, however, the significant uncoded balances associated with the project in addition to the significant increases over the requested budget levels provided over the past two years represent a serious project management challenge for the NNSA and a serious concern for the Committee.

Inertial Confinement Fusion.—The Committee recommends \$511,769,000 for the inertial confinement fusion program, an increase of \$45,000,000 over the budget request of \$466,769,000. Consistent with the recommendation of the House-passed National Defense Authorization Act for Fiscal Year 2004, the Committee recommendation provides \$58,337,000 for Experimental Support Technologies, a reduction of \$5,000,000 from the request, but an increase of \$27,975,000 over current year. The Committee recognizes the recent successes on the NIF project and expects NNSA to focus on the core NIF project to maintain cost and schedule performance. The recommendation includes \$25,000,000 to continue development of high average power lasers and supporting science and technology. The Committee recommendation also includes the budget request of \$10,467,000 for the Naval Research Laboratory, and \$68,132,000 for the University of Rochester, an increase of \$25,000,000 over the budget request. This additional funding has been provided to the University of Rochester's Laboratory for Laser Energetics for the OMEGA Extended Performance Facility in support of the nation's stockpile stewardship program.

The Committee recommendation provides \$150,000,000 for construction of the National Ignition Facility (NIF), the same as the budget request.

Advanced simulation and computing.—The Committee recommendation for Advanced Simulation and Computing is \$715,626,000, a reduction of \$35,000,000 below the budget request of \$750,626,000, but an increase of \$15,763,000 over the current year. Within the ASCI campaign, the Committee provides \$52,102,000 for Simulation Support, a reduction of \$5,000,000 from the budget request; \$135,000,000 for Physical Infrastructure and Platforms, a reduction of \$5,000,000 from the budget request; \$61,534,000 for Computational Systems, reduction of \$5,000,000 from the budget request; \$10,000,000 for PathForward, a reduction of \$5,000,000 from the budget request; \$2,250,000 for ASCI Integration, a reduction of \$5,000,000 from the budget request; and \$37,600,000 for University Partnerships, a reduction of \$10,000,000 from the budget request.

Pit Manufacturing and Pit Certification.—The Committee recommendation for pit manufacturing and certification campaign is \$273,228,000, a reduction of \$47,000,000 from the budget request, but an increase of \$12,228,000 over the current year budget. The Committee strongly supports the progress the NNSA and the Los Alamos National Laboratory have demonstrated in turning around the performance in the pit manufacturing and certification activities. The Committee urges the Department to continue to concentrate its management attention on meeting the fiscal year 2007 schedule for a certified pit and challenges the NNSA to reduce the total estimated cost required to meet the fiscal year 2007 certification goal. The Committee provides \$116,773,000 for W88 Pit Manufacturing and \$98,592,000 for W88 Certification. The Department is requesting \$19,700,000 for pit manufacturing capability to develop manufacturing technologies for pits other than the W88. The Committee has determined this level of technology development for manufacturing capability in a facility that is a minimum of 15 years away from planned operational capability is premature.

The Committee recommendation is \$4,700,000 in FY 2004, an increase of \$2,000,000 over the current year program level.

The Committee recommendation is \$10,810,000 for the modern pit facility (MPF), a reduction of \$12,000,000 from the request. The Committee supports the budget request in fiscal year 2004 for continued conceptual design work on a Modern Pit Facility, but urges the NNSA to look diligently at ways to more effectively utilize TA-55 at Los Alamos National Laboratory to address Stockpile Stewardship Program pit manufacturing requirements in the near term and take a less aggressive planning approach for a new multi-billion dollar facility. The Committee feels the Department's rush to commit to an MPF design and siting decision is premature without the development of a detailed analysis of outyear pit production capacity requirements tied to the 2012 stockpile.

The Committee provides the budget request for Pit Campaign support activities at the Nevada Test Site.

Readiness campaigns.—The Committee recommendation for Readiness Campaigns is \$233,097,000, a reduction of \$24,000,000 from the budget request. The Committee recommends \$45,158,000, for Stockpile Readiness. The Committee reduces the Establish Near-Term Process Capability \$10,000,000 to reduce the growth in procurements for capital equipment associated with the W80 LEP to be consistent with W80 LEP rebaselining. The Committee recommends \$19,649,000 for High Explosives Manufacturing & Weapons Assembly/Disassembly, a reduction of \$10,000,000 from the budget request to slow the growth of high explosive manufacturing, product requalification, and science-based manufacturing activities consistent with W80 LEP rebaselining. The Committee recommends \$33,397,000 for Nonnuclear Readiness, a reduction of \$4,000,000 from the budget request, to reduce the level of effort associated with the W80 readiness of production operations. The Committee recommends \$134,893,000 for Tritium Readiness, the same as the budget request.

READINESS IN TECHNICAL BASE AND FACILITIES

The Readiness in Technical Base and Facilities program supports the physical and operational infrastructure at the laboratories, the Nevada Test Site, and the production plants. The Committee recommendation is \$1,511,080,000, a reduction of \$102,391,000 below the budget request of \$1,613,471,000.

Operations of facilities.—The Committee recommendation for Operations of facilities is \$997,773,000, an increase of \$25,000,000 over the budget request. Additional funding of \$20,000,000 has been provided for the Pantex plant in Texas and \$5,000,000 for the Y-12 Plant in Tennessee to meet facility needs.

Program Readiness.—The Committee recommends \$106,202,000, a reduction of \$24,891,000 from the budget request for Program Readiness. The budget request proposes \$24,891,000 for enhanced test readiness activities. The increase over the base program for Nevada site readiness is proposed to fund the transition from the current 24 to 36 month time-to-test requirement to an 18-month test readiness posture at the Nevada Test Site. The Committee is concerned with the open-ended commitment to increase significantly funding for the purpose of Enhanced Test Readiness without

any budget analysis or program plan to evaluate the efficiency or effectiveness of this funding increase. Recent reports done by the DOE Inspector General and two NNSA management studies done at the Committee's request all identified significant problems with the current test readiness program, but the Department's proposal does not address the fundamental difficulties in maintaining test readiness during a testing moratorium.

The September 2002 Office of Inspector General audit (DOE/IG-0566) identified several problem areas impacting the ability to resume testing within the existing 24 to 36 month requirement: decline in the number of employees with testing experience; the deterioration of necessary systems and equipment; the inability to keep pace with new technology; and a delay in conducting required safety studies. The Committee notes that the IG identified these problems assuming the current 24 to 36 month test readiness posture rather than the proposed test readiness time frame of 18 months. As the IG audit noted, if the current testing infrastructure and personnel resources are moribund due to eleven years of inactivity, the Committee fails to see how the NNSA's enhanced test readiness proposal puts in place a program that precludes a similar state of disarray ten years into the future. Neither past performance nor any program or planning documentation provided to the Committee supports the Department's contention that an additional \$100 million over three years and a \$45 million increment every year thereafter is likely to result in a consistent 6 to 12 month improvement in test readiness posture when the current requirement has not been successfully maintained.

The Department's rationale for the change to an 18-month posture was included in the April 2003 Report to Congress on Nuclear Test Readiness, "An 18 month posture is appropriate because this is the minimum time we would expect it would take, once a problem was identified, to assess the problem, develop and implement a solution, and plan and execute a test that would provide the information needed to certify the fix." The NNSA's July 2002 Enhanced Test Readiness Cost Study stated that even during the Cold War era of routine testing, the national labs required 18-24 months to design and field a nuclear test with full diagnostics. The Committee questions a proposal to move to and attempt to indefinitely maintain a test readiness state that is the absolute minimum amount of time necessary to conduct a test designed to produce meaningful diagnostic results. The proposal reflects a disturbing "cost is no object" perspective in the Department's decision-making process.

The Committee supports the continued maintenance of the Nevada Test Site as a valuable resource for the NNSA nuclear weapons complex. Indeed, the Committee provides significant resources every year to fund a wide variety of activities at NTS that support the overall Stockpile Stewardship program. However, the Committee will not spend money on a perceived problem when the Department has not provided a rationale or a plan that addresses the underlying problems inherent in maintaining a testing capability during a testing moratorium. The Department's report states, "The NNSA has made a deliberate decision, in consultation with DOD and other agencies with the Administration, to move to an 18-

month nuclear test readiness posture by the end of fiscal year 2005." The Committee does not recognize the NNSA declaring a revised test readiness posture as a new requirement nor is it convinced that the decision can be successfully implemented based on the planning information provided to date. The Committee challenges the NNSA to work within the significant funding provided each year for its site readiness activities to demonstrate the ability to meet its current requirements before additional funds are added to meet a more problematic goal.

The Committee provides no funds for Enhanced Test Readiness as proposed by the Department in fiscal year 2004 pending better definition of the national security requirement.

Special Projects.—The Committee recommendation for Special Projects is \$34,975,000, a reduction of \$8,000,000 from the budget request. The Committee concurs with the concerns identified in the Report accompanying the House-passed Fiscal Year 2004 National Defense Authorization Act and recommends the elimination of the \$8,000,000 of funding assistance for the Los Alamos School District.

The Committee recommendation for material recycle and recovery is \$76,189,000, the same as the budget request. The Committee recommendation for containers is \$16,006,000, the same as the budget request. The Committee recommendation for storage is \$11,365,000, the same as the budget request. The Committee recommendation for nuclear weapons incident response is \$89,694,000, the same as the budget request.

Construction projects.—

Project 04-D-101, Test capabilities revitalization, SNL, Albuquerque, NM. The Committee recommends \$36,450,000, the same as the budget request. The Committee notes the importance of the test capabilities being available for the out year stockpile life extension programs.

Project 04-D-102, Exterior Communications Infrastructure Modernization, SNL, NM. The Committee recommends the modernization of the exterior communications infrastructure at Sandia National Lab be delayed until fiscal year 2005 and redirects the funds to higher priorities.

Project 04-D-104, National Security Sciences building, LANL, NM. The Committee recommends the LANL office building, Project 04-D-104, be delayed until fiscal year 2005 and redirects the funds to higher priority requirements.

Project 04-D-125, Chemistry and Metallurgy Research Facility Replacement (CMR-R)—LANL. The Committee recommends no funding for Project 04-D-125 in fiscal year 2004. Due to the complexity of this project, the Committee directs the completion of the project management decision process for the CMR-R in fiscal year 2004 prior to actual start of construction in fiscal year 2005. The Committee notes the Department has not completed the project engineering steps concerning CMR-R, including reaching critical decision one (CD-1) to commence the acquisition strategy or any baseline cost validation. The current cost estimate is based on pre-conceptual planning while the baseline cost validation will not be completed until reaching critical decision two. Although the Committee continues to be a strong adherent of the Department's new project

management process, the Committee must question the actual commitment of the Department to its own process by allowing this project to go forward in the fiscal year 2004 budget request.

Project 03-D-121, Gas Transfer Capacity Expansion, Kansas City, The Committee recommends \$11,300,000, a reduction of \$4,000,000 from the request. The construction activity is slowed consistent with the W80 life extension program FPU rebaselining.

FACILITIES AND INFRASTRUCTURE RECAPITALIZATION

The Committee recommendation for Facilities and Infrastructure Recapitalization Program (FIRP) is \$255,123,000, a reduction of \$10,000,000 from the budget request, but an increase of \$14,187,000 over the current year. The Committee remains encouraged by the execution of this program and holds the NNSA to its commitment to ensure the results of this funding are quantifiable and provide measurable improvements at each site.

FIRP is a corporate program to restore, rebuild, and revitalize the physical infrastructure of the nuclear weapons complex. Its purpose is to stem the deterioration of the complex and address the backlog of maintenance, repair, and upgrade projects. The Committee directs NNSA to ensure that funds for recapitalization are not diverted to fund ongoing maintenance and programmatic needs while at the same time guarding against the inefficiency of large uncoded balances. The Committee recognizes the effort to revitalize the physical infrastructure of the weapons complex is in its early phases however, the Committee cannot continue to support such significant budget increases for FIRP unless the funds are being utilized efficiently.

The Committee directs that at least \$50,000,000 of the facilities and infrastructure funding in fiscal year 2004 be used to dispose of excess facilities. The Committee encourages continuation of the strides made during the first two years of this program to reduce the overall facilities footprint of the complex. The use of new and innovative decontamination and decommissioning (D&D) practices must continue to be implemented to reduce costs and expedite site cleanups. The Committee continues to expect that services for D&D and demolition of excess facilities services be procured through open-competition where such actions provide the best return on investment for the federal government. The Committee directs the NNSA to continue a free and open competition process for at least 70 percent of the funds provided for disposing of excess facilities.

SECURE TRANSPORTATION ASSET

The Secure Transportation Asset program provides for the safe, secure movement of nuclear weapons, special nuclear materials, and non-nuclear weapon components between military locations and nuclear weapons complex facilities within the United States. The Committee recommendation is \$182,400,000, the same as the budget request.

SAFEGUARDS AND SECURITY

This program provides for all safeguards and security requirements at NNSA landlord sites. The Committee recommendation is

\$585,750,000, the same as the budget request. Consistent with the recommendation of the House-passed National Defense Authorization Act for Fiscal Year 2004, the Committee recommends no funding in the weapons activities safeguards and security for the new research and development initiatives in cyber and physical security. The Committee notes that security R&D activities are more appropriately funded within the Department's Office of Security. The Committee directs an additional \$10,000,000 for Y-12 National Security Complex to implement available security technologies to minimize additional manpower increases to meet new security requirements. As the Committee noted last year physical safeguards and security measures are only part of the solution to address security concerns throughout the weapons complex. With program needs going unmet and infrastructure deteriorating, the Committee strongly encourages the NNSA to review these growing costs and seek smarter and more efficient ways to meet security needs.

FUNDING ADJUSTMENTS

The budget request included an offset of \$28,985,000 for the safeguards and security charge for reimbursable work.

DEFENSE NUCLEAR NONPROLIFERATION

Appropriation, 2003	\$1,168,860,000
Budget Estimate, 2004	1,340,195,000
Recommended, 2004	1,280,195,000
Comparison:	
Appropriation, 2003	+111,335,000
Budget Estimate, 2004	- 60,000,000

The Defense Nuclear Nonproliferation account includes funding for Nonproliferation and Verification Research and Development; Nonproliferation and International Security; Nonproliferation Programs with Russia including International Materials Protection, Control, and Cooperation, Russian Transition Initiative, Highly Enriched Uranium (HEU) Transparency Implementation, International Nuclear Safety, Elimination of Weapons-Grade Plutonium Production; Accelerated Materials Disposition; Fissile Materials Disposition; and Program Direction. Descriptions of each of these programs are provided below.

Risk based priority setting.—The Committee concurs with a recent DOE Inspector General audit (DOE/IG-0603) wherein the IG noted that the NN program had not established a formal, risk-based approach to allocating program funding. Despite several requests from the Committee, the Department has yet to produce any sort of qualitative or quantitative analysis that compares the costs of various nonproliferation initiatives against the presumed benefits in terms of reduced risk. The Committee acknowledges that such a comparison, especially on a quantitative basis, is not simple, nor can it be the sole decision making rationale. However, for the purpose of evaluating budget requests and making funding decisions the Committee requires a stronger analytical decision-making justification to determine the appropriate use of the marginal budget dollar for nonproliferation activities. The Committee directs the NNSA to submit as part of its fiscal year 2005 budget request for nonproliferation activities a budget justification including a pro-

gram analysis applying a risk-based evaluation of different activities proposed in the budget request.

Availability of funds.—Consistent with the provisions of H.R. 1588, the National Defense Authorization Act for Fiscal Year 2004, as passed by the House of Representatives, the funds in this account are available until September 30, 2006.

NONPROLIFERATION AND VERIFICATION RESEARCH AND DEVELOPMENT

The nonproliferation and verification research and development program conducts applied research, development, testing, and evaluation of science and technology for strengthening the United States response to threats to national security and to world peace posed by the proliferation of nuclear weapons and special nuclear materials. Activities center on the design and production of operational sensor systems needed for proliferation detection, treaty verification, nuclear warhead dismantlement initiatives, and intelligence activities. The counter nuclear smuggling effort and the entire Chemical and Biological National Security component formerly a part of the nonproliferation and verification research and development office were transferred to the Department of Homeland Security on March 1, 2003.

The Committee recommendation is \$203,873,000, the same as the budget request, and includes \$108,536,000 for proliferation detection; \$89,277,000 for nuclear explosion monitoring, of which \$25,000,000 is for ground-based systems for treaty monitoring; and \$6,333,000 for supporting activities.

The Committee has continuing concerns with the management of the research and development program. The Department needs to involve the end users in the project proposal process, not allow laboratories and Headquarters program managers to come up with ideas and then shop around in search of potential end users. While funds for research and development are increasing, there is a gap not being filled between long-term laboratory research and development and what private industry is currently developing. The potential users of these technologies are looking for short-term improvements to existing products, not long-term research and development projects. The need to bring incrementally improved technologies to the marketplace quickly has never been more urgent.

Competitive Research.—The capability of the Department to develop and apply technology rapidly to meet growing nonproliferation and terrorism challenges is a continuing concern of the Committee. The Technical Support Working Group (TSWG) is the focal point in the federal government to conduct the national interagency research and development program for combating terrorism requirements. TSWG seeks technology solutions that address operational and technological shortfalls identified by government agency users. Using a solicitation format called a Broad Agency Announcement (BAA), TSWG solicits industry, academia, and government laboratories for innovative research and development solutions to these requirements, including nuclear, radiological, chemical, and biological countermeasures. The Committee directs the Department to use the TSWG BAA process for all nonproliferation and verification research and development activities during fiscal year 2004. The Committee believes that TSWG will help the De-

partment identify and prioritize requirements and develop technology solutions more quickly.

Annual Report Requirement.—The Committee directs the Department to prepare an annual report of each project with the baseline cost, scope and schedule, deliverables, lab performing the research and development, and the proposed user and submit this with the fiscal year 2005 budget.

NONPROLIFERATION AND INTERNATIONAL SECURITY

The nonproliferation and international security program (formerly the Arms Control program) seeks to detect, prevent, and reverse the proliferation of weapons of mass destruction materials, technology, and expertise. The major functional areas of the program include: nonproliferation policy; international safeguards; export control; and treaties and agreements. The Committee recommendation for nonproliferation and international security is \$105,734,000, an increase of \$4,000,000 from the budget request to fund the accelerated activities in Reduced Enrichment for Research and Test Reactors (RERTR) and the HEU Research Reactor Fuel Purchase proposed under the AMD initiative.

Within the nonproliferation policy program is the Reduced Enrichment for Research and Test Reactor (RERTR) program to prevent proliferation of nuclear weapons by minimizing and possibly eliminating the use of highly enriched uranium (HEU) in civilian nuclear programs worldwide. The RERTR program develops the technologies needed to substitute LEU for HEU in research and test reactors, and proposes to complete this activity by 2009. The recommendation includes \$8,860,000, an increase of \$3,000,000 from the budget request to fund the accelerated activities in Reduced Enrichment for Research and Test Reactors (RERTR) proposed under the Accelerated Materials Disposition initiative.

Also in the nonproliferation policy program is the Russian Foreign Research Reactor Fuel Return (RFR) initiative to prevent proliferation of nuclear weapons by repatriating to Russia civilian HEU fuel from Russian-supplied research reactors in various countries, including those located in regions of proliferation concern. The recommendation includes the budget request of \$9,691,000.

Also in the nonproliferation policy program is the Kazakhstan Spent Fuel Disposition initiative to secure three tons of weapons-grade plutonium in the BN-350 reactor spent fuel at Aktau, Kazakhstan. The recommendation includes the budget request of \$8,270,000. The Committee has serious reservations concerning the baseline plan, which assumes transporting the spent fuel out of its secure location in Aktau, across the country, to an as-yet-unbuilt storage facility in eastern Kazakhstan. The Department is directed to conduct an updated vulnerability analysis (VA) applying the revised Postulated Threat statement to the existing VA data to evaluate the costs and risks of transporting the material to the storage site area assumed in the baseline compared to securing the material in a dry storage option on site at the BN-350 reactor in Aktau. None of the funds provided for this activity in fiscal year 2004, or previous fiscal years, may be obligated for transportation equipment or activities without first notifying the Committee.

NONPROLIFERATION PROGRAMS WITH RUSSIA

The Department of Energy funds many nonproliferation programs with Russia. These programs help secure Russian nuclear weapons materials, prevent the outflow of scientific expertise from Russia, eliminate excess nuclear weapons materials, and help downsize the Russian nuclear weapons complex.

Limitation on Russian Program Funds.—The Committee remains concerned that the Department is not putting a high enough management priority on ensuring as much of the funds appropriated for the Russian programs as practical, be spent in Russia rather than at the Department's own national laboratories in the U.S. The Department's contracting mechanisms are resulting in excess funds going to pay laboratories for contract administration and oversight that would be better performed by Federal personnel. The Committee expects more direct contracting will be a result of the Nuclear Nonproliferation office achieving its Federal staffing goals in FY 2004. The Department's national laboratories should be used to provide technical oversight and programmatic guidance in those areas where they have special expertise.

The Committee directs that not more than 35 percent of the funding for Russian programs may be spent in the United States. The Department's failure to review the types of administrative and programmatic guidance that are needed for these programs and to choose the proper contractual mechanism leads to excessive costs for administration and less funding going to Russia. The Department should report to the Committee by December 15, 2003, on the steps being taken to meet the 35 percent limitation.

INTERNATIONAL MATERIALS PROTECTION, CONTROL AND COOPERATION

The International Nuclear Materials Protection and Cooperation program is designed to work cooperatively with Russia to secure weapons and weapons-usable nuclear material. The focus is to improve the physical security at facilities that possess or process significant quantities of nuclear weapons-usable that are of proliferation concern. Activities include installing monitoring equipment, inventorying nuclear material, improving the Russian security culture, and establishing a security infrastructure.

The Committee recommendation is \$255,000,000, an increase of \$29,000,000 over the budget request. The Committee recommendation includes \$1,000,000 for accelerating the Material Consolidation and Conversion (MCC) program as proposed under the Accelerated Materials Disposition initiative. The Committee continues to direct the Department to increase the level of program funding that goes to employing Russian workers and purchasing Russian-made equipment and reduce the amount of funding that is spent in the United States.

Megaports initiative.—The fiscal year 2003 wartime supplemental included \$84,000,000 for developing and deploying radiation detectors at mega seaports. The Megaports initiative is a new activity in fiscal year 2003 intended to install radiation detection equipment at the top 20 major overseas seaports to detect and interdict special nuclear material prior to arrival in the U.S. The top 20 foreign seaports identified in the Megaports initiative as pri-

ority upgrades are the source of 70% of the container traffic from all overseas ports destined for U.S. ports. The Committee is fully supportive of the Megaports concept of interdicting source material for a weapon of mass destruction as far from the U.S. border as feasible and directs the department to expand this new program in fiscal year 2004. The Committee provides \$28,000,000 within International Materials Protection, Control and Cooperation, Second Line of Defense, for Megaports. The Department did not include funding for Megaports activities in the department's budget request for fiscal year 2004; however, the Committee expects the Department to request funding for this high priority activity in the fiscal year 2005 budget request.

Standards for Cleanup after RDD Event.—The Emergency War-time Supplemental Appropriations Act, 2003, provided \$17,000,000 to expand efforts under the International Nuclear Materials Protection and Cooperation program to secure materials that may be used to construct a radioactive dispersal device (RDD) and to develop standards for the cleanup of contamination resulting from a potential RDD event. In its efforts to help develop appropriate cleanup standards for an RDD event, the Committee expects the Department to coordinate fully with the other Federal agencies that have responsibility for setting radiation standards in the United States, namely the Nuclear Regulatory Commission and the Environmental Protection Agency.

RUSSIAN TRANSITION INITIATIVE

The Committee recommendation for the Russian Transition Initiative program is \$40,000,000, the same as the budget request. This includes the Initiative for Proliferation Prevention (IPP) program and the Nuclear Cities Initiatives (NCI) to develop projects to employ Russian weapons scientists and downsize the Russian weapons complex.

HIGHLY ENRICHED URANIUM (HEU) TRANSPARENCY IMPLEMENTATION

The highly enriched uranium (HEU) transparency implementation program develops and implements mutually agreeable transparency measures for the February 1993 agreement between the United States and the Russian Federation. This agreement, which has an estimated value of \$12 billion, covers the purchase over 20 years of low enriched uranium (LEU) derived from 500 metric tons of HEU removed from dismantled Russian nuclear weapons. Under the agreement, conversion of HEU components into LEU is performed in Russian facilities. The Committee recommendation is \$18,000,000, the same as the budget request.

INTERNATIONAL NUCLEAR SAFETY AND COOPERATION

With the completion of the Soviet-designed reactor safety program in fiscal year 2003, the international nuclear safety and cooperation program should plan to complete all ongoing activities by the end of fiscal year 2004. The Committee does not support an expanded mission for the program beyond the original mandate of the Soviet-designed reactor safety program. The Committee notes that the security of nuclear materials and facilities is the mission of

other offices within the Office of Nuclear Nonproliferation, and that other Federal and international entities already have nuclear safety as a primary mission. The Committee recommendation is \$6,083,000, a reduction of \$8,000,000 from the budget request of \$14,083,000. The Committee reallocates the funds to continue and accelerate the Megaports initiative in fiscal year 2004.

ELIMINATION OF WEAPONS-GRADE PLUTONIUM PRODUCTION

The Elimination of Weapons-Grade Plutonium Production Program (EWGPP) was transferred from the Department of Defense to the Department of Energy in fiscal year 2003. This is a cooperative effort with the Federation of Russia to stop plutonium production at three nuclear reactors still in operation in Russia, two located at Seversk and one at Zheleznogorsk. The three reactors have approximately 15 years of remaining lifetime and could generate an additional 25 metric tons of weapons-grade plutonium. They also provide heat and electricity required by the surrounding communities. The current approach is to shutdown these three reactors within six years by providing alternate fossil-fueled energy plants to supply heat and electricity to the surrounding communities. The total estimated cost to shutdown the three nuclear reactors and build two new fossil-fuel plants is \$470,000,000. The Committee recommendation is \$50,000,000, the same as the budget request.

The Committee appreciates that the Administrator of the NNSA choose to complete the EWGPP fossil fuel construction projects in accordance with the direction of the Committee and expects to be kept informed of program progress.

ACCELERATED MATERIAL DISPOSITION

The Department has proposed a new initiative to augment activities currently conducted under the 1993 HEU/LEU Purchase Agreement with the Russian Federation to reduce weapons useable high enriched uranium (HEU) to low enriched uranium (LEU) for fuel to be used in civilian power producing reactors in the U.S. The Accelerated Material Disposition initiative proposes to directly purchase HEU and HEU converted to LEU material from the Russia Federation for storage and use by the U.S. government. The Accelerated Material Disposition initiative has a ten-year projected cost estimate of \$710 million to \$1.13 billion in order to eliminate an additional 15 Metric Tons (MT) of excess HEU in Russia. Under the existing 1993 HEU/LEU Purchase Agreement, 30 MT per year are presently being eliminated by downblending to low enriched uranium at no cost to the taxpayer.

The Committee is disappointed that the Administration's highest profile nonproliferation initiative imposes a government solution at significant cost to the taxpayer for a nonproliferation issue that has been successfully addressed for nearly a decade using a free market approach under the HEU/LEU Purchase Agreement. At a time of constrained resources when the Department is ignoring an obvious unmet need such as nuclear material detection at foreign seaports, the Committee cannot support such a significant commitment of outyear budgets for what is a marginal nuclear nonproliferation gain. The Committee concurs with the recent DOE Inspector General audit (DOE/IG-0603) wherein the IG noted that the NN pro-

gram had not established a formal, risk-based approach to allocating program funding. A proposal such as the AMD initiative demonstrates that the NN program requires a stronger analytical decision-making model to determine the appropriate use of the marginal budget dollar.

The Committee notes that the \$14,000,000 provided for fiscal year 2003 will most likely remain uncOSTed, as the implementing agreement negotiations with the Russians have not been completed. Considering the ongoing concern of the Committee regarding the large uncOSTed balances in the Nonproliferation programs the request for AMD has been reduced pending conclusion of negotiations with the Russians. Consistent with the direction provided in the House-passed Fiscal Year 2004 National Defense Authorization Act the Committee provides \$5,000,000, a reduction of \$25,000,000 for the Accelerated Material Disposition proposal.

The Committee recommended funding for accelerated Reduced Enrichment for Research and Test Reactors (RERTR) and the HEU Research Reactor Fuel Purchase and the Material Consolidation and Conversion (MCC) program in the appropriate NN program account where the existing base programs are funded.

FISSILE MATERIALS DISPOSITION

The fissile materials disposition program is responsible for the technical and management activities to assess, plan and direct efforts to provide for the safe, secure, environmentally sound long-term storage of all weapons-usable fissile materials and the disposition of fissile materials declared surplus to national defense needs.

The Committee recommendation is \$656,505,000, the same as the budget request. Funding of \$193,805,000 is provided for U.S. surplus materials disposition and \$47,100,000 for the Russian plutonium disposition program.

The U.S. portion of the fissile materials disposition program is not to be counted in the 35 percent limitation on funds for Russian programs to be spent in the U.S.

Construction projects.—The Committee recommendation includes \$402,000,000 for Project 99-D-143, the Mixed Oxide Fuel Fabrication facility project. Funding of \$13,600,000 is provided for Project 99-D-141, the Pit Disassembly and Conversion Facility project.

FUNDING ADJUSTMENTS

The Committee recommendation includes the use of \$60,000,000 of prior year balances. The Committee reiterates its concern over the ever-increasing uncOSTed balances in the Nuclear Nonproliferation program. The Department estimates that the end of fiscal year 2003 uncOSTed balances for NN will be over \$1,000,000,000. The Committee questions whether the program is achieving its program goals with uncOSTed balances at such levels. These balances represent a serious management challenge for the NNSA and the Committee expects these funds will be efficiently utilized in a timely manner.

NAVAL REACTORS

Appropriation, 2003	\$702,196,000
Budget Estimate, 2004	768,400,000
Recommended, 2004	768,400,000
Comparison:	
Appropriation, 2003	+66,204,000
Budget Estimate, 2004	

The Naval Reactors program is responsible for all aspects of naval nuclear propulsion—from technology development through reactor operations to ultimate reactor plant disposal. The program provides for the design, development, testing, and evaluation of improved naval nuclear propulsion plants and reactor cores. These efforts are critical to ensuring the safety and reliability of 102 operating Naval reactor plants and to developing the next generation reactor. The Committee recommendation is \$768,400,000, the same as the budget request.

OFFICE OF THE ADMINISTRATOR

Appropriation, 2003	\$325,102,000
Budget Estimate, 2004	347,980,000
Recommended, 2004	341,980,000
Comparison:	
Appropriation, 2003	+16,878,000
Budget Estimate, 2004	–6,000,000

The Office of the Administrator of the National Nuclear Security Administration (NNSA) provides corporate planning and oversight for Defense Programs, Defense Nuclear Nonproliferation, and Naval Reactors, including the NNSA field offices in New Mexico, Nevada, and California. The Committee recommendation is \$341,980,000, a reduction of \$6,000,000 from the budget request to reflect the reduction in overall program activities.

The NNSA formally delivered to Congress a management re-engineering plan on December 20, 2002, with a goal of consolidating functions, clarifying lines of authority and reducing federal employment levels by 20 percent throughout the complex by the end of fiscal year 2004. The Committee fully supports the successful implementation of the NNSA reengineering effort and will work with the Administrator to achieve the fiscal year 2004 goal. The Committee expects regular updates on the reengineering implementation progress throughout fiscal year 2004.

The Committee directs the Administrator of NNSA to provide at least \$5,000,000 for the Office of Engineering and Construction Management for External Independent Reviews (EIRs) of NNSA projects and continue to provide financial support for training and mentoring programs to improve the skills of NNSA project managers.

Defense Nuclear Nonproliferation.—The Committee provides \$58,000,000 for the Federal employees in the Office of Defense Nuclear Nonproliferation to allow greater management flexibility for that office in hiring Federal employees. The Committee continues to identify the Defense Nuclear Nonproliferation separately to maintain the transparency and management attention on achieving the FY 2004 goal of 244 on-board Federal employees.

The Committee recommendation provides \$12,000, the same as the budget request, for official reception and representation expenses for the NNSA.

ENVIRONMENTAL AND OTHER DEFENSE ACTIVITIES

DEFENSE ENVIRONMENTAL MANAGEMENT

Appropriation, 2003	\$6,723,090,000
Budget Estimate, 2004	6,809,814,000
Recommended, 2004	6,748,457,000
Comparison:	
Appropriation, 2003	+25,367,000
Budget Estimate, 2004	-61,357,000

The Defense Environmental Management program is responsible for identifying and reducing risks and managing waste at sites where the Department carried out defense-related nuclear research and production activities that resulted in radioactive, hazardous, and mixed waste contamination requiring remediation, stabilization, or some other type of cleanup action. These responsibilities include facilities and areas at 114 geographic sites. These sites are located in 30 states and one territory and occupy an area equal to that of Rhode Island and Delaware combined—or about two million acres.

The Department has restructured its Defense Environmental Management budget for fiscal year 2004 to focus on accelerated cleanup and closure. The former Defense Environmental Management accounts (Defense Environmental Restoration and Waste Management, Defense Facilities Closure and Defense Privatization) have been collapsed into the new Defense Site Acceleration Completion and Defense Environmental Services accounts. Defense Site Acceleration Completion, by far the largest account at a request of \$5.8 billion, has as its primary mission the closure of cleanup sites centered on three timeframes: 2006, 2012 and 2035. Defense Environmental Services are those activities that support closure (e.g. federal salaries, and payments to States and communities) and non-mission environmental work (e.g. storage of spent nuclear fuel and high-level waste, management of newly generated low level radioactive waste for other programs).

The Committee's recommendation for Defense Environmental Management totals \$6,748,457,000, a reduction of \$61,357,000 from the budget request of \$6,809,814,000. Details of the recommended funding levels follow below for the specific Defense Environmental Management accounts.

The Committee continues to support the Department's efforts to reform the Environmental Management program and realize significant cost and schedules savings and accelerate risk reduction. The Department should focus on reducing risk, accelerating cleanup, eliminating activities that do not contribute to risk reduction and cleanup, and improving the structure, scope, and management of cleanup contracts. The Committee does have several significant concerns about the execution of the accelerated cleanup initiative, as detailed below.

Lack of Agreement for Accelerated Performance Management Plans.—As noted above in the discussion for the Uranium Enrich-

ment Decontamination and Decommissioning Fund, Congressional support for accelerated cleanup, specifically in the form of additional near-term funding for accelerated cleanup, is predicated on the concurrence of the involved State regulators to the accelerated Performance Management Plans (PMPs). Where the Department has not been able to reach agreement with State regulators for specific accelerated PMPs, the Committee does not provide the additional increment of funding requested to support accelerated cleanup. The Committee encourages the Department to continue working with these State regulators so that the funds to support accelerated cleanup may be restored in a future fiscal year. The Committee is watching closely the negotiations between the Department and the State of Washington regarding accelerated cleanup at Hanford. For the present, the Committee recommendation includes the requested accelerated cleanup funds for Hanford because the Committee believes the Department and the State are making substantial progress toward agreement. However, if the Department is not able to resolve its differences with the State in the next several months, the Committee reserves the right at conference to redirect the additional funds to other sites that are more committed to accelerated cleanup.

Review of Cost and Schedule Baselines.—The Department recently notified the Committee that the total estimated cost for the Waste Treatment and Immobilization Plant (project 01-D-416) at Hanford has increased from \$4.35 billion to \$5.78 billion. This represents an increase of \$1.43 billion, or roughly 33 percent. Some of this increase is a result of changes to the project scope resulting from the accelerated cleanup schedule at Hanford, but much of this increase stems from the dubious quality of the previous estimate. The Office of Engineering and Construction Management has completed an External Independent Review (EIR) on this latest project baseline cost and schedule and confirmed it to be reasonable, and the Committee has no real alternative but to accept that judgment. However, the dramatic cost increase for this one project does call into question the reliability of the baselines for the other major projects within the accelerated cleanup program. The Committee directs the Department to review the baseline cost and schedule estimates for all of the line item construction projects included in the fiscal year 2004 budget request. To fund these reviews, \$2,500,000 should be provided from within funds made available for the appropriate Defense Environmental Management accounts.

Statutory Changes Required for Accelerated Cleanup.—The Department's contractor for the cleanup of the Fernald, Ohio, site recently proposed a statutory change to allow the material stored in the Fernald silos to be treated as 11(e)(2) material for purposes of disposal in a commercial disposal facility. Such a statutory change is not required to meet the current cleanup baseline, but apparently is necessary if the contractor is to achieve the maximum possible schedule acceleration and receive the maximum possible performance fee from the Department. The Committee does not disagree with the merits of this proposal regarding the classification of the Fernald silo material for disposal purposes. However, the Committee strongly objects to the Department sending forth its contractors to advocate for legislative changes that are necessary to

execute accelerated cleanup plans. If these statutory changes are responsible and for the benefit of the Government and the taxpayer, then the Department should submit such changes as part of a formal legislative proposal from the Administration to the Congress. The Committee directs the Department to review its current PMPs and cleanup contracts and identify any other instances where statutory changes are required to execute accelerated cleanup. The Department is directed to report to the House and Senate Committees on Appropriations within 60 days after enactment of this Act with the results of this review, and to submit a comprehensive legislative proposal with the fiscal year 2005 budget request including all such proposed changes to existing law.

Legacy Management.—A recent report by the National Research Council on the status of Long-Term Stewardship of DOE legacy waste sites raised concerns that departmental cleanup planning and decision making was decoupled from long-term stewardship planning. The Committee expects the department to consider explicitly the long-term stewardship requirements when implementing its accelerated cleanup plans to ensure that long-term stewardship is not used as a substitute for complete and effective site cleanup. The PMPs should identify the resources that will be required to execute legacy responsibilities at each site.

Economic development.—None of the Defense Environmental Management funds are available for economic development activities unless specifically authorized by law.

DEFENSE SITE ACCELERATION COMPLETION

The Defense Site Acceleration Completion account is a new account largely incorporating the programs, projects, and activities from the previous site/project completion and post-2006 completion subaccounts within the Defense Environmental Restoration and Waste Management account, the site closure activities within the Defense Facilities Closure Projects account, and the Defense Environmental Management Privatization account, as well as the Environmental Management Cleanup Reform initiative proposed by the Department in fiscal year 2003. The Committee recommendation for defense site acceleration completion in fiscal year 2004 is \$5,758,278,000, a reduction of \$56,357,000 from the budget request of \$5,814,635,000.

Reprogramming Authority.—The Committee continues to support the need for flexibility to meet changing funding requirements at sites which are undergoing accelerated cleanup activities. In fiscal year 2004, each site manager may transfer up to \$5,000,000 between Defense Site Acceleration Completion subaccounts (i.e., accelerated completions 2006, accelerated completions 2012, accelerated completions 2035, and line item construction projects) to reduce health or safety risks or to gain cost savings as long as no program or project is increased or decreased by more than \$5,000,000 once during the fiscal year. This reprogramming authority may not be used to initiate new programs or programs specifically denied, limited, or increased by Congress in the Act or report. The Committees on Appropriations in the House and Senate must be notified within thirty days of the use of this reprogramming authority.

Accelerated Completions, 2006.—The Committee recommendation provides \$1,242,751,000, a reduction of \$2,420,000 from the budget request to reflect the lack of regulatory agreement on accelerated 2006 cleanup activities for the Sandia National Laboratories. This funding supports the closure by the year 2006 of the Rocky Flats, West Jefferson, Fernald, Miamisburg, and Ashtabula sites, and the completion of significant cleanup projects at various other sites such as Melton Valley.

Accelerated Completions, 2012.—The Committee recommendation provides \$2,216,587,000, a reduction of \$11,727,000 from the budget request to reflect the lack of regulatory agreement on accelerated 2012 cleanup activities for the Los Alamos National Laboratory and the Pantex site. This amount includes the requested funding of \$23,500,000 for project engineering and design of two projects at the Savannah River Site (SRS) and the Idaho National Engineering and Environmental Laboratory (INEEL) (project 04–D–414), \$1,134,000 for construction of container surveillance capability at SRS (project 04–D–423), \$1,126,000 for construction of the INTEC cathodic protection system expansion project at INEEL (project 02–D–402), and \$690,000,000 for construction of the Waste Treatment and Immobilization Plant at Hanford (project 01–D–416).

Accelerated Completions, 2035.—The Committee recommendation provides \$1,961,387,000, a reduction of \$17,210,000 from the budget request to reflect the lack of regulatory agreement on accelerated 2035 cleanup activities for the Los Alamos National Laboratory. This amount includes the requested funding of \$13,954,000 for construction of the Immobilized High Level Waste Interim Storage Facility at Hanford (project 03–D–403), \$51,500,000 to continue design of the Salt Waste Processing Facility Alternative at SRS (project 03–D–414), and \$20,259,000 for construction of Glass Waste Storage Building #2 at SRS (project 04–D–408).

Safeguards and Security.—The Committee recommendation provides \$299,977,000, the same as the budget request.

Technology Development and Deployment.—The Committee recommendation provides \$63,920,000, the same as the budget request. Within available funds, the Committee provides \$5,000,000 to continue the five-year international agreement with AEA Technology, and \$7,000,000 to continue the five-year agreement with Florida International University's Hemispheric Center for Environmental Technology.

Funding adjustments.—The Committee recommendation includes an offset of \$1,344,000, the same as the budget request, for the security costs associated with reimbursable work, and a general reduction of \$25,000,000 to be applied primarily to activities with the least impact on near-term cleanup and closure.

DEFENSE ENVIRONMENTAL SERVICES

The Defense Environmental Services account is a new account incorporating the activities that indirectly support the cleanup and closure of contaminated sites. These include activities such as the management of non-legacy spent nuclear fuel and newly-generated waste and the recovery and disposal of sealed radioactive sources, as well as community and regulatory support, the Federal contribution to the Uranium Enrichment Decontamination and Decommis-

sioning Fund, and program direction for the Department's environmental management efforts. The Committee recommendation for Defense Environmental Services in fiscal year 2004 is \$990,179,000, a reduction of \$5,000,000 from the budget request.

Community and Regulatory Support.—The Committee recommendation is \$61,337,000, the same as the budget request.

Federal Contribution to Uranium Enrichment Decontamination and Decommissioning Fund.—The Energy Policy Act of 1992, Public Law 102-486, created the Uranium Enrichment Decontamination and Decommissioning Fund to pay for the cost of cleanup of the gaseous diffusion facilities located in Oak Ridge, Tennessee; Paducah, Kentucky; and Portsmouth, Ohio. The Committee recommendation includes the budget request of \$452,000,000 for the Federal contribution to the Uranium Enrichment Decontamination and Decommissioning Fund as authorized in Public Law 102-486.

Non-Closure Environmental Activities.—The Committee recommendation is \$189,698,000, the same as the budget request, including the requested amounts for spent nuclear fuel stabilization and disposition at the Idaho National Engineering and Environmental Laboratory, Lawrence Livermore National Laboratory, and Savannah River Site, and solid waste stabilization and disposition of newly generated waste at the Oak Ridge National Laboratory. The Department is to fund the Hazardous Waste Worker Training Program at the fiscal year 2003 level from within available funds.

Program Direction.—The Committee recommendation for program direction is \$292,144,000, the same as the budget request.

Funding adjustments.—The Committee recommendation includes a general reduction of \$5,000,000.

Formerly Utilized Sites Remedial Action Program (FUSRAP).—The Committee continues to expect the Department to fulfill its responsibilities at FUSRAP sites, exclusive of the remedial actions to be performed by the Corps of Engineers.

OTHER DEFENSE ACTIVITIES

Appropriation, 2003	\$515,659,000
Budget Estimate, 2004	636,154,000
Recommended, 2004	666,516,000
Comparison:	
Appropriation, 2003	+150,857,000
Budget Estimate, 2004	+30,362,000

This account provides funding for Energy Security and Assurance; the Office of Security; Intelligence; Counterintelligence; Independent Oversight and Performance Assurance; Environment, Safety and Health (Defense); Worker and Community Transition; National Security Programs Administrative Support; and the Office of Hearings and Appeals. Descriptions of each of these programs are provided below.

ENERGY SECURITY AND ASSURANCE

The operational component of this office was transferred to the Department of Homeland Security on March 1, 2003. The remaining Department of Energy component will be maintained as an office for the purpose of advising the Secretary of Energy in the development of policy to ensure the reliability of the nation's energy

infrastructure. The Committee recommendation for energy security and assurance is \$2,472,000, a reduction of \$1,800,000 from the budget request. The Committee notes the FTE level dropped from 22 to 8 from fiscal year 2003 to 2004.

OFFICE OF SECURITY

The Office of Security provides a domestic safeguards and security program for protection of nuclear weapons, nuclear materials, nuclear facilities, and classified and unclassified information against sabotage, espionage, terrorist activities, or any loss or unauthorized disclosure that could endanger the national security or disrupt operations. The Committee recommendation for security and emergency operations is \$211,757,000, the same as the budget request.

In fiscal year 2004, the Department of Energy will spend over \$1 billion on safeguards and security activities at Headquarters and field locations. The \$211,757,000 provided to the Office of Security is for Headquarters activities only. Funding for safeguards and security activities at Departmental facilities and laboratories in the field is included within each program budget.

The Committee notes that safeguards and security is not a mission of the Department of Energy; instead it is a requirement that must be met when conducting activities to meet the actual defense, science, and environmental clean up missions of the Department. When implementing the needed security enhancements to meet increased requirements, the Committee will look to the Department's use of improved technology and the efficient restructuring and consolidation of material and facilities requiring the highest levels of security with the goal of improving S&S and reducing the percentage of the budget that must be used for safeguards and security.

OFFICE OF INTELLIGENCE

The intelligence program provides information and technical analyses on international arms proliferation, foreign nuclear programs, and other energy related matters to policy makers in the Department and other U.S. Government agencies. The focus of the Department's intelligence analysis and reporting is on emerging proliferant nations, nuclear technology transfers, foreign nuclear materials production, and proliferation implications of the breakup of the Former Soviet Union. The Committee recommendation is \$39,823,000, the same as the budget request.

OFFICE OF COUNTERINTELLIGENCE

The Office of Counterintelligence seeks to develop and implement an effective counterintelligence program throughout the Department of Energy. The goal of the program is to identify, neutralize, and deter foreign government or industrial intelligence threats directed at the Department's facilities, personnel, information, and technologies. The Committee recommendation is \$45,955,000, the same as the budget request.

INDEPENDENT OVERSIGHT AND PERFORMANCE ASSURANCE

The Office of Independent Oversight and Performance Assurance is the focal point for independent evaluation of safeguards, security, emergency management, and cyber security. The Committee recommendation is \$22,575,000, the same as the budget request.

ENVIRONMENT, SAFETY AND HEALTH (DEFENSE)

The Office of Environment, Safety and Health develops programs and policies to protect the workers and the public, conducts independent oversight of performance, and funds health effects studies. The Committee recommendation is \$107,686,000, the same as the budget request. With a significant Headquarters staff of Federal employees, the Committee continues to believe that outside contractor assistance can be reduced.

The recommendation for health effects studies is \$48,160,000, the same as the budget request. The Department funds several programs for occupational medicine, public health studies, and epidemiologic monitoring. The Committee expects the Department to review all these activities to achieve efficiencies through consolidation.

WORKER AND COMMUNITY TRANSITION

The Committee's recommendation for the worker and community transition program is \$15,000,000, the same as the budget request. Funding has remained stable or increased in many Departmental programs, and there are no significant contractor reductions requiring additional funds in fiscal year 2004. The Committee has provided \$1,400,000 from within available funds for the Pinellas Community Reuse Organization to complete the STAR Center transition. The Committee directs that none of the funds provided for this program be used for additional severance payments and benefits for Federal employees.

The worker and community transition program was established to mitigate the impacts on workers and communities of contractor workforce reductions as a result of the end of the Cold War. Funds are provided for enhanced severance payments to employees at former defense sites, and for assisting community planning for defense conversion through Federal grants. However, the cost of this program has not been insignificant and now exceeds \$1 billion. With program funds increasing in fiscal year 2003 and fiscal year 2004 at NNSA and environmental cleanup sites, the Committee sees no need to increase funding for severance benefits above the budget request for fiscal year 2004.

Program direction.—The Committee recommendation of \$2,679,000 for program direction, the same as the budget request.

LEGACY MANAGEMENT

The fiscal year 2004 budget request proposes to establish the Office of Legacy Management to manage the long-term stewardship responsibilities at the Department of Energy clean up sites after remediation activities are completed. The functions of the Office will include long-term surveillance and maintenance of DOE facilities where remediation measures are substantially completed and

the management of the post-closure benefits of former contractor employees. The Committee expects the Department's legacy management plans and activities will be coordinated with the Office of Environmental Management to ensure clean up and long term stewardship is appropriately integrated. The Committee recommendation for the Office of Legacy Management activities includes \$47,525,000, the same as the budget request, of which \$19,178,000 is provided in Other Defense Activities and the balance is provided in nondefense Environmental Services. The Committee directs the Legacy Management appropriation account line to continue to be identified separately in future departmental budget requests.

FUNDING FOR DEFENSE ACTIVITIES IN IDAHO

The Committee recommendation includes \$112,306,000 to fund the defense-related (050 budget function) activities at the Idaho National Engineering and Environmental Laboratory (INEEL) and associated Idaho cleanup sites. This amount includes \$21,415,000 for INEEL infrastructure, the same as the budget request, for activities at this site previously funded under the Defense Environmental Management account; 56,654,000 for Idaho sitewide safeguards and security, the same as the budget request; and \$34,237,000 for program direction to support Headquarters and Idaho Field Office personnel previously funded under Defense Environmental Management.

NATIONAL SECURITY PROGRAMS ADMINISTRATIVE SUPPORT

The Committee recommendation includes \$86,679,000, to provide administrative support for programs funded in the atomic energy defense activities accounts. This will fund Departmental activities performed by offices such as the Secretary, Deputy Secretary and Under Secretary, the General Counsel, Chief Financial Officer, Human Resources, Congressional Affairs, and Public Affairs, which support the organizations and activities funded in the atomic energy defense activities accounts.

OFFICE OF HEARINGS AND APPEALS

The Office of Hearings and Appeals (OHA) is responsible for all of the Department's adjudicatory processes, other than those administered by the Federal Energy Regulatory Commission. The Committee recommendation is \$3,797,000, the same as the budget request.

FUNDING ADJUSTMENTS

The Committee recommendation for funding adjustments includes an offset of \$712,000 for the safeguards and security charge for reimbursable work, the same as the budget request.

DEFENSE NUCLEAR WASTE DISPOSAL

Appropriation, 2003	\$312,952,000
Budget Estimate, 2004	430,000,000
Recommended, 2004	430,000,000
Comparison:	
Appropriation, 2003	+117,048,000
Budget Estimate, 2004	

Since passage of the Nuclear Waste Policy Act of 1982, as amended, the Nuclear Waste Fund has incurred costs for activities related to the disposal of high-level waste and spent nuclear fuel generated from the atomic energy defense activities of the Department of Energy. At the end of fiscal year 2002, the balance owed by the Federal government to the Nuclear Waste Fund was \$1,212,000,000 (including principal and interest). The Defense Nuclear Waste Disposal appropriation was established to ensure payment of the Federal government's contribution to the nuclear waste repository program. Through fiscal year 2002, a total of \$1,693,129,000 has been appropriated to support nuclear waste repository activities attributable to atomic energy defense activities.

The Committee recommendation is \$430,000,000, the same as the budget request. Combined with the funding recommended for Nuclear Waste Disposal, this will provide a total of \$765,000,000 for nuclear waste disposal activities in fiscal year 2004.

CERRO GRANDE FIRE ACTIVITIES

The Committee has included language proposed by the Administration canceling \$75,000,000 of remaining available balances from the Cerro Grande Fire activities. The Committee directs the Secretary of Energy to deobligate the funds to be cancelled.

POWER MARKETING ADMINISTRATIONS

Management of the Federal power marketing functions was transferred from the Department of Interior to the Department of Energy by the Department of Energy Organization Act (P.L. 95-91). These functions include the power marketing activities authorized under section 5 of the Flood Control Act of 1944 and all other functions of the Bonneville Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, and the power marketing functions of the Bureau of Reclamation that have been transferred to the Western Area Power Administration.

All power marketing administrations except the Bonneville Power Administration are funded annually with appropriated funds. Revenues collected from power sales and transmission services are deposited in the Treasury to offset expenditures. The Committee recommendation for fiscal year 2004 does not support the Administration proposal to continue the phase-out of federal financing of the customers' purchase power and wheeling expenses for the Southeastern Power Administration, the Southwestern Power Administration, and the Western Area Power Administration. Also, the Committee recommendation does not at this time incorporate the Administration proposal for the Power Marketing Administrations to fund directly from revenues the costs of operation

and maintenance of federal hydropower facilities at Corps of Engineers dams, as this proposal is presently under consideration by the authorizing committees.

Operations of the Bonneville Power Administration are self-financed under the authority of the Federal Columbia River Transmission System Act (P.L. 93-454). Under this Act, the Bonneville Power Administration is authorized to use its revenues to finance the costs of its operations, maintenance, and capital construction, and to sell bonds to the Treasury if necessary to finance any additional capital program requirements.

Purchase power and wheeling.—The Committee finds no compelling reason to continue the phase out of purchase power and wheeling, particularly since this activity is budget neutral. The Committee recommendation for fiscal year 2004 maintains purchase power and wheeling activities at approximately the fiscal year 2002 level. The Committee will continue to establish ceilings on the use of receipts for purchase power and wheeling, and also establish the amount of offsetting collections.

BONNEVILLE POWER ADMINISTRATION

The Bonneville Power Administration is the Department of Energy's marketing agency for electric power in the Pacific Northwest. Bonneville provides electricity to a 300,000 square mile service area in the Columbia River drainage basin. Bonneville markets the power from Federal hydropower projects in the Northwest, as well as power from non-Federal generating facilities in the region, and exchanges and markets surplus power with Canada and California.

The Committee continues to have concerns about Bonneville's financial situation, particularly in light of the \$700 million in additional borrowing authority provided to Bonneville in the Energy and Water Development Act, 2003. At the same time that the House and Senate Committees on Appropriations were conferring the fiscal year 2003 appropriations bill and deciding whether to provide this additional borrowing authority, Bonneville realized that it had a 74 percent probability that it would miss its loan repayment to the Federal Treasury in fiscal year 2003. Unfortunately, Bonneville neglected to inform Congress of this critical change in its financial circumstances until after the fiscal year 2003 appropriations conference was completed.

The Committee has asked the General Accounting Office (GAO) to conduct a thorough review of the Bonneville Power Administration. The GAO has provided the following preliminary findings and observations: (1) increasing borrowing authority for the transmission side of BPA will increase BPA's overall costs but will not resolve its current financial difficulties on the power generation side of BPA (i.e., low cash reserves and poor bond rating); (2) BPA is currently overextended as a result of committing to provide more power than it can generate from the Federal hydropower system, creating greater volatility in costs and revenues; (3) stakeholders see a lack of sufficient oversight and a lack of incentives to control costs; and (4) the present rate structure insulates customers from natural fluctuations in hydropower availability, thus eliminating any price signal when electricity is scarce. The net result is that Bonneville continues to operate at significant financial risk, which

impacts both ratepayers in the region and taxpayers in the rest of the country.

The Committee directs the Secretary to conduct an independent review of Bonneville's mission, management, and financial condition to address the GAO findings and conclusions. The Committee expects the Secretary to make specific recommendations to Congress to show how Bonneville might focus its mission on delivering the electricity generated by the Federal hydropower system and reduce the risk to the ratepayers in the region and to the Federal Treasury. The Secretary should submit this report to the House and Senate Committees on Appropriations not later than December 31, 2004.

OPERATION AND MAINTENANCE, SOUTHEASTERN POWER ADMINISTRATION

Appropriation, 2003	\$4,505,000
Budget Estimate, 2004	5,100,000
Recommended, 2004	5,100,000
Comparison:	
Appropriation, 2003	+595,000
Budget Estimate, 2004	

The Southeastern Power Administration markets the hydroelectric power produced at 23 Corps of Engineers projects in eleven states in the Southeast. Southeastern does not own or operate any transmission facilities, so it contracts to "wheel" its power using the existing transmission facilities of area utilities.

The Committee recommendation for the Southeastern Power Administration is \$5,100,000, the same as the budget request. The total program level for Southeastern in fiscal year 2003 is \$39,100,000, with \$34,000,000 for purchase power and wheeling and \$5,100,000 for program direction. The purchase power and wheeling costs will be offset by collections of \$34,000,000. The off-setting collections total of \$34,000,000 includes \$15,000,000 made available in Public Law 106-377 for use in fiscal year 2004, plus an additional \$19,000,000 provided in this Act.

OPERATION AND MAINTENANCE, SOUTHWESTERN POWER ADMINISTRATION

Appropriation, 2003	\$27,200,000
Budget Estimate, 2004	28,600,000
Recommended, 2004	28,600,000
Comparison:	
Appropriation, 2003	+1,400,000
Budget Estimate, 2004	

The Southwestern Power Administration markets the hydroelectric power produced at 24 Corps of Engineers projects in the six-state area of Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas. Southwestern operates and maintains 1,380 miles of transmission lines, with the supporting substations and communications sites. Southwestern gives preference in the sale of its power to publicly and cooperatively owned utilities.

The Committee recommendation for the Southwestern Power Administration is \$28,600,000, the same as the budget request. The total program level for Southwestern in fiscal year 2004 is \$30,400,000, including \$4,663,000 for operating expenses,

\$1,800,000 for purchase power and wheeling, \$19,205,000 for program direction, and \$4,732,000 for construction. The offset of \$1,800,000 from collections for purchase power and wheeling yields a net appropriation of \$27,378,000. The offsetting collections total of \$1,800,000 includes \$288,000 made available in Public Law 106-377 for use in fiscal year 2004, plus an additional \$1,512,000 provided in this Act. The Committee recommendation also provides authority for Southwestern to accept advances from non-Federal entities to provide interconnections to Southwestern's transmission system.

CONSTRUCTION, REHABILITATION, OPERATION AND MAINTENANCE, WESTERN AREA POWER ADMINISTRATION

Appropriation, 2003	\$167,760,000
Budget Estimate, 2004	171,000,000
Recommended, 2004	171,000,000
Comparison:	
Appropriation, 2003	+3,240,000
Budget Estimate, 2004	

The Western Area Power Administration is responsible for marketing the electric power generated by the Bureau of Reclamation, the Corps of Engineers, and the International Boundary and Water Commission. Western also operates and maintains a system of transmission lines nearly 17,000 miles long. Western provides electricity to 15 Central and Western states over a service area of 1.3 million square miles.

The Committee recommendation for the Western Area Power Administration is \$171,000,000, the same as the budget request. The total program level for Western in fiscal year 2003 is \$360,992,000, which includes \$12,200,000 for construction and rehabilitation, \$36,204,000 for system operation and maintenance, \$186,000,000 for purchase power and wheeling, and \$126,588,000 for program direction. Consistent with the budget request, no funds are provided for Utah mitigation and conservation. Offsetting collections for purchase power and wheeling total \$186,000,000; with the use of \$3,992,000 of offsetting collections from the Colorado River Dam Fund (as authorized in P.L. 98-381), this requires a net appropriation of \$171,000,000. The offsetting collections for purchase power and wheeling includes \$20,000,000 made available in Public Law 106-377 for use in fiscal year 2004, plus an additional \$166,000,000 provided in this Act.

Within available funds, the Committee recommendation includes \$4,825,000 for upgrades of the Phoenix substation.

FALCON AND AMISTAD OPERATING AND MAINTENANCE FUND

Appropriation, 2003	\$2,716,000
Budget Estimate, 2004	2,640,000
Recommended, 2004	2,640,000
Comparison:	
Appropriation, 2003	- 76,000
Budget Estimate, 2004	

Falcon Dam and Amistad Dam are two international water projects located on the Rio Grande River between Texas and Mexico. Power generated by hydroelectric facilities at these two dams is sold to public utilities through the Western Area Power Adminis-

tration. The Foreign Relations Authorization Act for Fiscal Years 1994 and 1995 created the Falcon and Amistad Operating and Maintenance Fund to defray the costs of operation, maintenance, and emergency activities. The Fund is administered by the Western Area Power Administration for use by the Commissioner of the U.S. Section of the International Boundary and Water Commission.

The Committee recommendation is \$2,640,000, the same as the budget request.

FEDERAL ENERGY REGULATORY COMMISSION

SALARIES AND EXPENSES

Appropriation, 2003	\$192,000,000
Budget Estimate, 2004	199,400,000
Recommended, 2004	192,000,000
Comparison:	
Appropriation, 2003	
Budget Estimate, 2004	- 7,400,000

REVENUES APPLIED

Appropriation, 2003	-\$192,000,000
Budget Estimate, 2004	- 199,400,000
Recommended, 2004	- 192,000,000
Comparison:	
Appropriation, 2003	
Budget Estimate, 2004	+7,400,000

The Committee recommendation for the Federal Energy Regulatory Commission (FERC) is \$192,000,000, the same as the fiscal year 2003 funding level and a decrease of \$7,400,000 compared to the fiscal year 2004 budget request. Revenues for FERC are established at a rate equal to the budget authority, resulting in a net appropriation of \$0.

The Committee has concerns regarding the integration of various Midwestern companies into a regional transmission organization (RTO) under the FERC order issued July 31, 2002. To protect consumers in the Midwestern States, the Committee expects FERC will require that the conditions of its July 31, 2002, order be met before proceeding with any irreversible integration of transmission systems. The Committee may address this issue in more detail at conference, pending receipt of a report from FERC on the status of this integration.

The Federal Power Act requires FERC to establish and collect reasonable annual charges for the use of federal lands for non-federal hydropower projects. Since 1987, FERC has charged land rents for hydropower projects based on a system used by the Forest Service and the Bureau of Land Management for linear rights-of-way (e.g., power lines, pipelines, etc.) The General Accounting Office (GAO), in response to a request from this Subcommittee and the Subcommittee on Interior Appropriations, conducted an analysis of these land rents charged by FERC for non-federal hydropower projects located on federal lands. In its completed report (GAO-03-383), GAO concludes that FERC is collecting only two percent of the fair market value of these Federal lands used for non-federal hydropower. This represents a significant loss of revenues to the Treasury and also a significant subsidy for non-Federal hydropower projects.

Based on preliminary results from this GAO review last year, in House Report 107-681 the Committee directed FERC to submit in its fiscal year 2004 budget request a proposal to revise the existing fee schedule to capture more of the real market value of these federal lands. The Committee did not direct FERC to make a change to the existing fee schedule, and certainly did not suggest that these land rents should be increased overnight by a factor of 50 or more. However, the Committee did expect to receive a serious proposal from FERC on how the current land rent fees could be revised over time to capture more of the real value of these lands for the U.S. Treasury. Instead, FERC submitted a 2-page letter report explaining its reservations about adopting the GAO net benefits methodology (which the Committee did not direct FERC to do), noting that a shift to a more complex methodology will require additional resources (which the Appropriations Committee already realized), and stating that FERC intends to wait until the Forest Service revises its right-of-way index before it will consider making any changes to the FERC methodology.

The Committee considers this FERC response to be wholly inadequate. The Committee does not support increased budget authority for FERC at this time. Further, the Committee strongly recommends that the House Budget Committee and the Office of Management and Budget take a closer look at the revenues being foregone by FERC's continued use of the existing fee schedule for land rents.

COMMITTEE RECOMMENDATION

The Committee's detailed funding recommendations for programs in Title III are contained in the following table.

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
ENERGY SUPPLY			
RENEWABLE ENERGY RESOURCES			
Renewable energy technologies			
Biomass/biofuels energy systems.....	89,415	69,750	69,750
Geothermal technology development.....	29,805	25,500	25,500
Hydrogen research.....	39,740	87,982	87,982
Hydropower.....	5,266	7,489	5,489
Solar energy.....	94,383	79,693	79,693
Zero energy building.....	---	4,000	---
Wind energy systems.....	43,714	41,600	41,800
Intergovernmental activities.....	---	12,500	16,500
Electricity reliability.....	---	76,866	---
Total, Renewable energy technologies.....	302,323	405,380	306,514
Electric energy systems and storage.....	84,448	---	---
Renewable support and implementation			
Departmental energy management.....	1,480	2,300	2,300
International renewable energy program.....	3,974	---	---
Renewable energy production incentive program.....	4,968	---	---
Renewable Indian energy resources.....	5,961	---	---
Renewable program support.....	4,968	---	---
Total, Renewable support and implementation.....	21,361	2,300	2,300
National climate change technology initiative.....	---	15,000	---
Facilities and infrastructure			
National renewable energy laboratory.....	4,669	4,200	4,200
Construction			
02-E-001 Science and technology facility, NREL Golden, CO.....	795	---	4,900
Total, National renewable energy laboratory.....	5,464	4,200	9,100
Oak Ridge national laboratory			
Construction			
04-E-TBD Plant engineering and design (PED), energy reliability and efficiency laboratory.....	---	750	---
Total, Facilities and infrastructure.....	5,464	4,950	9,100
Program direction.....	15,896	16,577	12,230
Subtotal, Renewable Energy Resources.....	429,492	444,207	330,144
Use of prior year balances.....	-10,000	---	---
TOTAL, RENEWABLE ENERGY RESOURCES.....	419,492	444,207	330,144
ELECTRICITY TRANSMISSION AND DISTRIBUTION			
Research and development.....	---	---	70,807
Electricity restructuring.....	---	---	2,059
Program direction.....	---	---	3,761
Construction			
04-E-TBD Plant engineering and design (PED), energy reliability and efficiency laboratory.....	---	---	750
TOTAL, ELECTRICITY TRANSMISSION AND DISTRIBUTION	---	---	77,377

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended

NUCLEAR ENERGY			
Radiological facilities management			
Space and defense infrastructure.....	28,762	36,230	36,230
Medical isotopes infrastructure.....	---	26,425	26,425
Isotope support and production.....	25,331	---	---
Construction			
99-E-201 Isotope production facility (LANL)...	1,710	---	---
Subtotal, Isotope support and production.....	27,041	---	---
Offsetting collections.....	-6,358	---	---
Subtotal, Medical isotopes infrastructure.....	20,683	26,425	26,425
Total, Radiological facilities management.....	49,445	62,655	62,655
University reactor fuel assistance and support.....	18,380	18,500	19,500
Research and development			
Nuclear energy plant optimization.....	4,968	---	4,000
Nuclear energy research initiative.....	24,837	12,000	10,000
Nuclear energy technologies.....	44,708	48,000	42,721
Nuclear hydrogen initiative.....	---	4,000	2,500
Advanced fuel cycle initiative.....	---	63,025	58,525
Total, Research and development.....	74,513	127,025	117,746
Idaho facilities management			
ANL-West operations.....	31,410	31,615	31,615
INEEL infrastructure.....	---	10,190	10,190
Test reactor area landlord.....	8,758	---	---
Construction			
99-E-200 Test reactor area electrical utility upgrade, Idaho National Engineering Lab, ID...	1,828	1,840	1,840
95-E-201 Test reactor area fire and life safety improvements, Idaho National Engineering Lab, ID	497	500	500
Subtotal, Construction.....	2,325	2,340	2,340
Subtotal, INEEL infrastructure.....	11,083	12,530	12,530
Total, Idaho facilities management.....	42,493	44,145	44,145
Advanced fuel cycle initiative.....	57,833	---	---
Program direction.....	23,287	24,800	23,970
Subtotal, Nuclear Energy.....	265,951	277,125	268,016
=====			
Use of prior year balances.....	-5,961	---	---
TOTAL, NUCLEAR ENERGY.....	259,990	277,125	268,016
=====			

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended

ENVIRONMENT, SAFETY AND HEALTH			
Office of Environment, Safety and Health (non-defense)	6,796	10,000	7,400
Program direction.....	15,757	20,000	16,600
TOTAL, ENVIRONMENT, SAFETY AND HEALTH.....	22,553	30,000	24,000
	=====	=====	=====
Subtotal, Energy supply.....	702,035	751,332	699,537
	=====	=====	=====
General reduction.....	-5,177	---	-5,000
Less security charge from reimbursable work.....	---	-3,003	-3,003
	=====	=====	=====
TOTAL, ENERGY SUPPLY.....	696,858	748,329	691,534
	=====	=====	=====
NON-DEFENSE SITE ACCELERATION COMPLETION			
Accelerated completions, 2006.....	---	48,677	48,677
Accelerated completions, 2012.....	---	119,750	119,750
Accelerated completions, 2035.....	---	2,448	2,448
	=====	=====	=====
TOTAL, NON-DEFENSE SITE ACCELERATION COMPLETION...	---	170,875	170,875
	=====	=====	=====
NON-DEFENSE ENVIRONMENTAL MANAGEMENT			
Site closure.....	94,383	---	---
Site/project completion.....	57,052	---	---
Post 2006 completion.....	22,541	---	---
Fast flux test facility (FFTF).....	35,865	---	---
Long-term stewardship.....	14,088	---	---
Excess facilities.....	1,829	---	---
	=====	=====	=====
Subtotal, Non-Defense Environmental Management....	225,758	---	---
	=====	=====	=====
Use of prior year balances.....	-12,134	---	---
	=====	=====	=====
TOTAL, NON-DEFENSE ENVIRONMENTAL MANAGEMENT.....	213,624	---	---
	=====	=====	=====
URANIUM ENRICHMENT DECONTAMINATION AND DECOMMISSIONING FUND			
Decontamination and decommissioning.....	322,221	367,124	341,002
Uranium/thorium reimbursement.....	15,896	51,000	51,000
	=====	=====	=====
TOTAL, URANIUM ENRICHMENT D&D FUND.....	338,117	418,124	392,002
	=====	=====	=====
NON-DEFENSE ENVIRONMENTAL SERVICES			
Community and regulatory support.....	---	1,034	1,034
Environmental cleanup projects.....	---	43,842	43,842
Office of Legacy Management (non-defense).....	---	---	28,347
Non-closure environmental activities.....	---	160,445	160,445
Construction			
02-U-101 Depleted uranium hexafluoride conversion project, Paducah, KY and Portsmouth, OH.....	---	86,800	86,800
	=====	=====	=====
TOTAL, NON-DEFENSE ENVIRONMENTAL SERVICES.....	---	292,121	320,468
	=====	=====	=====

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended

URANIUM FACILITIES MAINTENANCE AND REMEDIATION			
Other Uranium Activities			
Maintenance and pre-existing liabilities.....	140,292	---	---
Use of prior year balances.....	-25,000	---	---
	=====	=====	=====
TOTAL, URANIUM FACILITIES MAINTENANCE AND REMEDATION.....	115,292	---	---
	=====	=====	=====
SCIENCE			
High energy physics.....	702,302	---	---
Proton accelerator-based physics.....	---	399,494	404,494
Electron accelerator-based physics.....	---	159,488	164,486
Non-accelerator physics.....	---	43,000	43,000
Theoretical physics.....	---	42,256	42,256
Advanced technology R&D.....	---	81,242	81,242
	-----	-----	-----
Subtotal,.....	702,302	725,478	735,478
Construction			
98-G-304 Neutrinos at the main injector, Fermilab.....	19,962	12,500	12,500
	-----	-----	-----
Total, High energy physics.....	722,264	737,978	747,978
Nuclear physics.....	381,872	389,430	399,430
Biological and environmental research.....	506,685	499,535	562,035
Basic energy sciences			
Research			
Materials sciences and engineering research.....	547,794	567,711	575,711
Chemical sciences, geosciences and energy biosciences.....	220,111	220,914	220,914
	-----	-----	-----
Subtotal, Research.....	767,905	788,625	796,625
Construction			
04-R-313-Nanoscale science research center, the molecular foundry.....	---	35,000	35,000
04-R-314 Nanoscale science research center, the center for integrated nontechnologies, SNL/LASL....	---	29,850	29,850
03-SC-002 Project engineering & design (PED) SLAC.	5,961	7,500	7,500
03-R-312 Center for nanophase materials sciences, ORNL.....	23,844	20,000	20,000
03-R-313 Center for Integrated Nanotechnology.....	4,471	---	---
02-SC-002 Project engineering and design (VL).....	11,922	3,000	3,000
99-E-334 Spallation neutron source (ORNL).....	209,202	124,600	124,600
	-----	-----	-----
Subtotal, Construction.....	255,400	219,950	219,950
	-----	-----	-----
Total, Basic energy sciences.....	1,023,305	1,008,575	1,016,575
Advanced scientific computing research.....	168,455	173,490	213,490
Science laboratories infrastructure			
Infrastructure support.....	1,013	1,520	1,520
Oak Ridge landlord.....	5,046	5,079	5,079

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Excess facilities disposal.....	7,948	5,055	8,000
Safety-related corrective actions.....	---	---	25,000
Construction			
04-SC-001 Project engineering and design (PED), various locations.....	---	2,000	2,000
03-SC-001 Science laboratories infrastructure project engineering and design (PED), various loc.	3,333	---	---
MEL-001 Multiprogram energy laboratory infrastructure projects, various locations.....	28,043	29,936	29,936
Subtotal, Construction.....	31,376	31,936	31,936
Total, Science laboratories infrastructure.....	45,383	43,590	71,535
Fusion energy sciences program.....	248,375	257,310	268,110
Safeguards and security.....	48,448	48,127	51,887
Science workforce development.....	5,425	6,470	7,470
Science program direction			
Field offices.....	71,932	83,802	80,102
Headquarters.....	55,620	58,217	58,157
Technical information management program.....	6,954	7,774	7,774
Energy research analyses.....	993	1,020	1,020
Total, Science program direction.....	135,499	150,813	147,053
Subtotal, Science.....	3,285,711	3,315,318	3,485,563
General reduction/use of prior year balances.....	-20,000	---	-1,000
Less security charge for reimbursable work.....	-4,383	-4,383	-4,383
Supplemental appropriations (P.L. 108-11).....	11,000	---	---
TOTAL, SCIENCE.....	3,272,328	3,310,935	3,480,180
NUCLEAR WASTE DISPOSAL			
Repository program.....	84,448	85,830	249,830
Program direction.....	59,610	75,170	85,170
TOTAL, NUCLEAR WASTE DISPOSAL.....	144,058	161,000	335,000
DEPARTMENTAL ADMINISTRATION			
Administrative operations			
Salaries and expenses			
Office of the Secretary.....	4,251	4,624	4,251
Board of contract appeals.....	735	653	653
Chief information officer.....	28,377	42,214	34,377
Congressional and intergovernmental affairs.....	4,449	4,724	4,449
Economic impact and diversity.....	4,940	4,701	4,701
General counsel.....	21,572	22,879	20,000
Office of Management, Budget and Evaluation.....	101,854	104,210	104,210
Policy and international affairs.....	13,822	17,777	13,822
Public affairs.....	3,854	4,465	3,854
Subtotal, Salaries and expenses.....	183,854	206,247	190,317

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Program support			
Minority economic impact.....	1,192	1,400	1,192
Policy analysis and system studies.....	397	1,000	397
Energy security and assurance.....	1,490	2,000	1,490
Environmental policy studies.....	596	1,500	596
Engineering and construction management reviews...	4,968	---	---
Cybersecurity and secure communications.....	29,878	26,432	26,432
Corporate management information program.....	14,902	37,632	20,602
Subtotal, Program support.....	53,423	69,964	51,009
Total, Administrative operations.....	237,277	276,211	241,326
Cost of work for others.....	69,682	75,095	69,682
Subtotal, Departmental Administration.....	306,959	351,306	311,008
Use of prior year balances and other adjustments.....	-15,000	---	---
Funding from other defense activities.....	-86,679	-25,000	-86,679
Total, Departmental administration (gross).....	205,280	326,306	224,329
Miscellaneous revenues.....	-120,000	-146,668	-123,000
TOTAL, DEPARTMENTAL ADMINISTRATION (net).....	85,280	179,638	101,329
OFFICE OF INSPECTOR GENERAL			
Office of Inspector General.....	37,426	39,462	39,462
TOTAL, OFFICE OF INSPECTOR GENERAL.....	37,426	39,462	39,462
ATOMIC ENERGY DEFENSE ACTIVITIES			
NATIONAL NUCLEAR SECURITY ADMINISTRATION			
WEAPONS ACTIVITIES			
Directed stockpile work			
Stockpile research and development.....	464,113	433,150	404,150
Stockpile maintenance.....	398,549	405,746	414,746
Stockpile evaluation.....	195,902	202,885	201,885
Dismantlement/disposal.....	24,220	37,722	37,722
Production support.....	136,811	278,113	278,113
Field engineering, training and manuals.....	6,848	7,170	7,170
Total, Directed stockpile work.....	1,226,443	1,364,786	1,343,786
Campaigns			
Science campaigns			
Primary certification.....	46,852	65,849	57,849
Dynamic materials properties.....	87,025	82,251	77,251
Advanced radiography.....	72,451	65,985	45,985
Secondary certification and nuclear systems margins.....	47,479	55,463	55,463
Subtotal, Science campaigns.....	253,807	269,548	236,548

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Engineering campaigns			
Enhanced surety.....	31,792	37,974	32,974
Weapons system engineering certification.....	26,831	28,238	28,238
Nuclear survivability.....	23,242	23,977	23,977
Enhanced surveillance.....	76,653	94,781	91,781
Advanced design and production technologies.....	73,659	79,917	79,917
Engineering campaigns construction activities.....	---	4,500	4,500
Construction			
01-D-108 Microsystem and engineering science applications (MESA), SNL, Albuquerque, NM.....	---	61,800	36,800
Subtotal, Engineering campaigns & construction	---	66,300	41,300
Subtotal, Engineering campaigns.....	232,177	331,187	298,187
Inertial confinement fusion ignition and high yield.	288,361	316,769	381,789
Construction			
96-D-111 National ignition facility, LLNL.....	212,654	150,000	150,000
Subtotal, Inertial confinement fusion.....	501,015	466,769	511,789
Advanced simulation and computing.....	644,782	713,326	678,326
Construction			
01-D-101 Distributed information systems laboratory, SNL, Livermore, CA.....	13,219	12,300	12,300
00-D-103, Terascale simulation facility, LLNL, Livermore, CA.....	34,802	25,000	25,000
00-D-107 Joint computational engineering laboratory, SNL, Albuquerque, NM.....	6,954	---	---
Subtotal, Construction.....	54,975	37,300	37,300
Subtotal, Advanced simulation and computing.....	699,757	750,626	715,626
Pit manufacturing and certification.....	220,557	320,228	273,228
Readiness campaigns			
Stockpile readiness.....	60,630	55,158	45,158
High explosives manufacturing and weapons assembly/disassembly readiness.....	12,014	29,649	19,649
Non-nuclear readiness.....	22,252	37,397	33,397
Tritium readiness.....	47,757	59,893	59,893
Construction			
98-D-125 Tritium extraction facility, SR.....	69,709	75,000	75,000
Subtotal, Tritium readiness.....	117,466	134,893	134,893
Subtotal, Readiness campaigns.....	212,362	257,097	233,097
Total, Campaigns.....	2,119,675	2,395,455	2,268,455
Readiness in technical base and facilities			
Operations of facilities.....	1,020,108	972,773	997,773
Program readiness.....	218,533	131,093	106,202
Special projects.....	49,178	42,975	34,975
Material recycle and recovery.....	103,141	76,189	76,189
Containers.....	17,606	16,006	16,006
Storage.....	14,498	11,365	11,365

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Nuclear weapons incident response.....	90,409	89,694	89,694
Subtotal, Readiness in technical base and fac.....	1,513,473	1,340,095	1,332,204
Construction			
04-D-101 Test capabilities revitalization, Sandia National Laboratories, Albuquerque, NM.....	---	36,450	36,450
04-D-102 Exterior communications infrastructure modernization, Sandia National Laboratories.....	---	20,000	---
04-D-103 Project engineering and design (PED), various locations.....	---	2,000	2,000
04-D-104 National security sciences building, Los Alamos National Laboratory, Los Alamos, NM.....	---	50,000	---
04-D-125 Chemistry and metallurgy facility replacement project, Los Alamos National Laboratory, Los Alamos, NM.....	---	20,500	---
04-D-126 Building 12-44 production cells upgrade, Pantex plant, Amarillo, TX.....	---	8,780	8,780
04-D-127 Cleaning and loading modifications, Savannah River site, Aiken, SC.....	---	2,750	2,750
04-D-128 TA-18 mission relocation project, Los Alamos Laboratory, Los Alamos, NM.....	---	8,820	8,820
03-D-101 Sandia underground reactor facility			
03-D-102 LANL Administration Building (LANL).....	11,922	---	---
03-D-103 Project engineering and design various locations.....	11,067	10,570	10,570
03-D-121 Gas transfer capacity expansion, Kansas City Plant, Kansas City, MO.....	3,974	15,300	11,300
03-D-122 Purification facility, Y-12 plant, Oak Ridge, TN.....	28,001	---	---
03-D-123 Special nuclear materials requalification, Pantex plant, Amarillo, TX.....	6,577	7,628	7,628
02-D-103 Project engineering and design, various locations.....	17,194	10,950	10,950
02-D-105 Engineering technology complex upgrade, LLNL, CA.....	9,835	9,776	9,776
02-D-107 Electrical power systems safety communications and bus upgrades, NV.....	7,451	2,887	2,887
01-D-103 Project engineering and design (PE&D), various locations.....	---	1,600	1,600
01-D-107 Atlas relocation, Nevada test site, NV...	4,096	---	---
01-D-108 Microsystems and engineering sciences applications complex (MESA), SNL, Albuquerque, NM.	112,265	---	---
01-D-124 HEU materials facility, Y-12 plant, Oak Ridge, TN.....	24,837	45,000	45,000

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
01-D-126 Weapons Evaluation Test Laboratory Pantex Plant, Amarillo, TX.....	8,594	2,838	2,838
01-D-800 Sensitive compartmented information facility, LLNL, CA.....	9,549	---	---
99-D-103 Isotope sciences facilities, LLNL, Livermore, CA.....	3,985	---	---
99-D-104 Protection of real property (roof reconstruction-Phase II), LLNL, Livermore, CA.....	5,877	3,500	3,500
99-D-127 Stockpile management restructuring initiative, Kansas City plant, Kansas City, MO....	29,706	12,475	12,475
99-D-128 Stockpile management restructuring initiative, Pantex consolidation, Amarillo, TX....	404	---	---
98-D-123 Stockpile management restructuring initiative, Tritium factory modernization and consolidation, Savannah River, SC.....	10,413	---	---
96-D-102 Stockpile stewardship facilities revitalization (Phase VI), various locations.....	993	1,552	1,552
Subtotal, Construction.....	306,840	273,376	178,876
Total, Readiness in technical base and facilities.	1,820,313	1,613,471	1,511,080
Facilities and infrastructure recapitalization program Construction	240,936	261,404	251,404
04-D-203 Facilities and infrastructure recapitalization program (FIRP), project engineering design (PED), various locations.....	---	3,719	3,719
Total, Facilities and infrastructure recapitalization program.....	240,936	265,123	255,123
Secure transportation asset			
Operations and equipment.....	100,207	123,605	123,605
Program direction.....	51,787	58,795	58,795
Total, Secure transportation asset.....	151,994	182,400	182,400
Safeguards and security.....	513,991	582,067	582,067
Construction			
99-D-132 SMRI nuclear material safeguards and security upgrade project (LANL), Los Alamos, NM...	8,842	3,683	3,683
Total, Safeguards and security.....	522,833	585,750	585,750
Subtotal, Weapons activities.....	6,082,194	6,406,985	6,146,594
Use of prior year balances.....	-138,800	---	---
Less security charge for reimbursable work.....	-28,985	-28,985	-28,985
Subtotal, Weapons activities.....	5,914,409	6,378,000	6,117,609
Supplemental appropriations (P.L. 108-11).....	67,000	---	---
TOTAL, WEAPONS ACTIVITIES.....	5,981,409	6,378,000	6,117,609

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
DEFENSE NUCLEAR NONPROLIFERATION			
Nonproliferation and verification, R&D.....	202,482	203,873	203,873
Nonproliferation and international security.....	92,066	101,734	105,734
Nonproliferation programs with Russia			
International materials protection, control, and cooperation.....	225,601	226,000	255,000
Accelerated highly enriched uranium (HEU) disposition.....	13,909	---	---
Russian transition initiative.....	39,078	40,000	40,000
HEU transparency implementation.....	17,117	18,000	18,000
International nuclear safety.....	11,501	14,083	6,083
Elimination of weapons-grade plutonium production program.....	49,018	50,000	50,000
Accelerated materials disposition.....	---	30,000	5,000
Fissile materials disposition			
U.S. surplus materials disposition.....	197,083	193,805	193,805
Russian surplus materials disposition.....	97,363	47,100	47,100
Construction			
01-D-407 Highly enriched uranium (HEU) blend down, Savannah River, SC.....	23,474	---	---
99-D-141 Pit disassembly and conversion facility Savannah River, SC.....	34,772	13,600	13,600
99-D-143 Mixed oxide fuel fabrication facility, Savannah River, SC.....	92,396	402,000	402,000
Subtotal, Construction.....	150,642	415,600	415,600
Subtotal, Fissile materials disposition.....	445,088	656,505	656,505
Total, Nonproliferation programs with Russia.....	801,312	1,034,588	1,030,588
Subtotal, Defense nuclear nonproliferation.....	1,095,860	1,340,195	1,340,195
Use of prior year balances.....	-75,000	---	-60,000
Supplemental appropriations (P.L. 108-11).....	148,000	---	---
TOTAL, DEFENSE NUCLEAR NONPROLIFERATION.....	1,168,860	1,340,195	1,280,195
NAVAL REACTORS			
Naval reactors development.....	666,927	724,600	723,100
Construction			
03-D-201 Cleanroom technology facility, Bettis atomic power lab, West Mifflin, PA.....	7,153	300	300
01-D-200 Major office replacement building, Schenectady, NY.....	2,086	---	---
90-N-102 Expanded core facility dry cell project, Naval Reactors Facility, ID.....	1,987	18,300	18,300
Subtotal, Construction.....	11,226	18,600	18,600
Total, Naval reactors development.....	678,153	743,200	741,700

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Program direction.....	24,043	25,200	26,700
	=====	=====	=====
TOTAL, NAVAL REACTORS.....	702,196	768,400	768,400
	=====	=====	=====
OFFICE OF THE ADMINISTRATOR			
Office of the Administrator.....	268,473	347,980	283,980
Defense nuclear nonproliferation.....	56,629	---	58,000
	=====	=====	=====
TOTAL, OFFICE OF THE ADMINISTRATOR.....	325,102	347,980	341,980
	=====	=====	=====
TOTAL, NATIONAL NUCLEAR SECURITY ADMINISTRATION...	8,177,567	8,834,575	8,508,184
	=====	=====	=====
DEFENSE ENVIRONMENTAL RESTORATION AND WASTE MGMT.			
Site/project completion			
Operation and maintenance.....	967,576	---	---
Construction			
03-D-414, Preliminary project engineering and design (PE&D), Aiken, SC.....	8,743	---	---
02-D-402 Intec cathodic protection system expansion project, INEEL, Idaho Falls, ID.....	1,112	---	---
02-D-420 Plutonium packaging and stabilization, Savannah River.....	1,987	---	---
01-D-414 Preliminary project, engineering and design (PE&D), various locations.....	5,092	---	---
Subtotal, Construction.....	16,934	---	---
	-----	-----	-----
Total, Site/project completion.....	984,510	---	---
Post 2006 completion			
Operation and maintenance.....	2,166,336	---	---
Construction			
93-D-187 High-level waste removal from filled waste tanks, Savannah River, SC.....	14,773	---	---
Office of River Protection			
Operation and maintenance.....	452,297	---	---
Construction			
03-D-403 Immobilized high-level waste interim storage facility, Richland, WA.....	6,322	---	---
01-D-416 Hanford waste treatment plant, Richland, WA.....	614,976	---	---
97-D-402 Tank farm restoration and safe operations, Richland, WA.....	25,259	---	---
94-D-407 Initial tank retrieval systems, Richland, WA.....	20,809	---	---
Subtotal, Construction.....	667,366	---	---
	-----	-----	-----
Subtotal, Office of River Protection.....	1,119,663	---	---
	-----	-----	-----
Total, Post 2006 completion.....	3,300,772	---	---

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Uranium enrichment D&D fund contribution.....	439,127	---	---
Science and technology.....	117,407	---	---
Excess facilities.....	4,968	---	---
Multi-site activities.....	63,934	---	---
Safeguards and security.....	266,861	---	---
Program direction.....	336,498	---	---
Subtotal, Defense environmental management.....	5,514,077	---	---
Use of prior year balances.....	-80,924	---	---
Less security charge for reimbursable work.....	-4,347	---	---
Supplemental appropriations (P.L. 108-11).....	6,000	---	---
	=====	=====	=====
TOTAL, DEFENSE ENVIRON. RESTORATION AND WASTE MGMT	5,434,806	---	---
	=====	=====	=====
DEFENSE FACILITIES CLOSURE PROJECTS			
Site closure.....	1,075,616	---	---
Safeguards and security.....	55,299	---	---
TOTAL, DEFENSE FACILITIES CLOSURE PROJECTS.....	1,130,915	---	---
	=====	=====	=====
DEFENSE SITE ACCELERATION COMPLETION			
Accelerated completions, 2006.....	---	1,245,171	1,242,751
Accelerated completions, 2012.....	---	1,512,554	1,500,827
Construction			
04-D-414 Project engineering and design (PED), various locations.....	---	23,500	23,500
04-D-423 Container surveillance capability in 235-F, Savannah River.....	---	1,134	1,134
02-D-402 Intec cathodic protection system expansion project, INEEL, Idaho Falls, ID.....	---	1,126	1,126
01-D-416 Hanford waste treatment plant, Richland WA	---	690,000	690,000
Subtotal, Construction.....	---	715,760	715,760
Total, Accelerated completions, 2012.....	---	2,228,314	2,216,587
Accelerated completions, 2035.....	---	1,892,884	1,875,674
Construction			
04-D-408 Glass waste storage building #2, Savannah River.....	---	20,259	20,259
03-D-403 Immobilized high-level waste interim storage facility, Richland, WA.....	---	13,954	13,954
03-D-414 Project engineering and design (PED), various locations.....	---	51,500	51,500
Subtotal, Construction.....	---	85,713	85,713
Total, Accelerated completions, 2035.....	---	1,978,597	1,961,387
Safeguards and security.....	---	299,977	299,977
Technology development and deployment.....	---	63,920	63,920
Subtotal, Defense site acceleration completion...	---	5,815,979	5,784,622

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Less general reduction.....	---	---	-25,000
Less security charge for reimbursable work.....	---	-1,344	-1,344
=====	=====	=====	=====
TOTAL, DEFENSE SITE ACCELERATION COMPLETION.....	---	5,814,635	5,758,278
=====	=====	=====	=====
DEFENSE ENVIRONMENTAL MANAGEMENT PRIVATIZATION			
Privatization initiatives, various locations.....	157,369	---	---
=====	=====	=====	=====
TOTAL, DEFENSE ENVIRONMENTAL MGMT. PRIVATIZATION..	157,369	---	---
=====	=====	=====	=====
DEFENSE ENVIRONMENTAL SERVICES			
Community and regulatory support.....	---	61,337	61,337
Federal contribution to the uranium enrichment.....	---	452,000	452,000
Non-closure environmental activities.....	---	189,698	189,698
Program direction.....	---	292,144	292,144
Less general reduction.....	---	---	-5,000
=====	=====	=====	=====
TOTAL, DEFENSE ENVIRONMENTAL SERVICES.....	---	995,179	990,179
=====	=====	=====	=====
TOTAL, DEFENSE ENVIRONMENTAL MANAGEMENT.....	6,723,090	6,809,814	6,748,457
=====	=====	=====	=====
OTHER DEFENSE ACTIVITIES			
Other national security programs			
Energy security and assurance			
Energy security.....	20,864	---	---
Program direction.....	4,247	4,272	2,472
=====	=====	=====	=====
Subtotal, Energy security and assurance.....	25,111	4,272	2,472
=====	=====	=====	=====
Office of Security			
Nuclear safeguards and security.....	90,510	104,713	104,713
Security investigations.....	45,572	54,554	54,554
Program direction.....	48,227	52,490	52,490
=====	=====	=====	=====
Subtotal, Office of Security.....	184,309	211,757	211,757
=====	=====	=====	=====
Intelligence.....	40,978	39,823	39,823
Counterintelligence.....	45,656	45,955	45,955
Independent oversight and performance assurance.....	22,284	22,575	22,575
=====	=====	=====	=====
Environment, safety and health (Defense).....	86,137	87,276	87,276
Program direction - EH.....	17,038	20,410	20,410
=====	=====	=====	=====
Subtotal, Environment, safety & health (Defense)	103,175	107,686	107,686
=====	=====	=====	=====
Worker and community transition.....	19,058	12,321	12,321
Program direction - WT.....	1,987	2,679	2,679
=====	=====	=====	=====
Subtotal, Worker and community transition.....	21,045	15,000	15,000
=====	=====	=====	=====
Office of Legacy Management (defense).....	---	47,525	19,178
National Security programs administrative support...	86,899	25,000	86,679
Defense activities at INEEL.....	---	113,476	112,306
Office of hearings and appeals.....	2,914	3,797	3,797
=====	=====	=====	=====
Subtotal, Other defense activities.....	532,371	636,866	667,228
=====	=====	=====	=====
Use of prior year balances.....	-20,000	---	---
Less security charge for reimbursable work.....	-712	-712	-712

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended
Supplemental appropriations (P.L. 108-11).....	4,000	---	---
	=====	=====	=====
TOTAL, OTHER DEFENSE ACTIVITIES.....	515,659	636,154	666,516
	=====	=====	=====
DEFENSE NUCLEAR WASTE DISPOSAL			
Defense nuclear waste disposal.....	312,952	430,000	430,000
CERRO GRANDE FIRE ACTIVITIES			
Cerro Grande fire activites (rescission).....	---	-75,000	-75,000
	=====	=====	=====
TOTAL, ATOMIC ENERGY DEFENSE ACTIVITIES.....	15,729,268	16,635,543	16,278,157
	=====	=====	=====
POWER MARKETING ADMINISTRATIONS			
SOUTHEASTERN POWER ADMINISTRATION			
Operation and maintenance			
Purchase power and wheeling.....	34,438	15,000	34,000
Program direction.....	4,602	5,100	5,100
	-----	-----	-----
Subtotal, Operation and maintenance.....	39,040	20,100	39,100
Offsetting collections.....	-14,463	---	-19,000
Carryover offsetting collections (P.L. 106-377).....	-20,000	-15,000	-15,000
Use of prior year balances.....	-72	---	---
	-----	-----	-----
TOTAL, SOUTHEASTERN POWER ADMINISTRATION.....	4,505	5,100	5,100
	=====	=====	=====
SOUTHWESTERN POWER ADMINISTRATION			
Operation and maintenance			
Operating expenses.....	3,791	4,663	4,663
Purchase power and wheeling.....	1,788	288	1,800
Program direction.....	17,826	19,205	19,205
Construction.....	5,995	4,732	4,732
	-----	-----	-----
Subtotal, Operation and maintenance.....	29,400	28,888	30,400
Offsetting collections.....	-1,512	---	-1,512
Carryover offsetting collections (P.L. 106-377).....	-288	-288	-288
Use of prior year balances.....	-400	---	---
	-----	-----	-----
TOTAL, SOUTHWESTERN POWER ADMINISTRATION.....	27,200	28,600	28,600
	=====	=====	=====
WESTERN AREA POWER ADMINISTRATION			
Operation and maintenance			
Construction and rehabilitation.....	17,668	12,200	12,200
System operation and maintenance.....	37,550	36,204	36,204
Purchase power and wheeling.....	186,124	20,000	186,000
Program direction.....	107,682	126,588	126,588
Utah mitigation and conservation.....	6,060	---	---
	-----	-----	-----
Subtotal, Operation and maintenance.....	355,084	194,992	360,992
Offsetting collections.....	-156,124	---	-166,000
Carryover offsetting collections (P.L. 98-381).....	---	-3,992	-3,992
Carryover offsetting collections (P.L. 106-377).....	-30,000	-20,000	-20,000
Use of prior year balances.....	-1,200	---	---
	-----	-----	-----
TOTAL, WESTERN AREA POWER ADMINISTRATION.....	167,760	171,000	171,000
	=====	=====	=====

DEPARTMENT OF ENERGY
(AMOUNTS IN THOUSANDS)

	FY 2003 Enacted	FY 2004 Request	House Recommended

FALCON AND AMISTAD OPERATING AND MAINTENANCE FUND			
Operation and maintenance.....	2,716	2,640	2,640
	=====	=====	=====
TOTAL, POWER MARKETING ADMINISTRATIONS.....	202,181	207,340	207,340
	=====	=====	=====
FEDERAL ENERGY REGULATORY COMMISSION			
Federal energy regulatory commission.....	192,000	199,400	192,000
FERC revenues.....	-192,000	-199,400	-192,000
	=====	=====	=====
GRAND TOTAL, DEPARTMENT OF ENERGY.....	20,834,432	22,163,367	22,016,347
	=====	=====	=====

GENERAL PROVISIONS
DEPARTMENT OF ENERGY

Contract Competition.—The Committee is very concerned that the Department continues to maintain a number of management and operating (M&O) contracts that have never been competed, some since their inception over 60 years ago. The general provision carried in previous Energy and Water Development Appropriations Acts, requiring competition of these contracts but allowing the Secretary to waive the requirement upon notification to Congress, has not been effective in changing the Department's continued reliance on noncompetitive contract awards and contract extensions. Therefore, this Committee has included bill language barring the use of appropriated funds to continue to pay for M&O contracts that have not been competitively awarded within the past fifty fiscal years (i.e., since fiscal year 1954). For M&O contracts that have not been competitively awarded within that time period, the Department may continue to fund such contracts only if the Secretary announces his intent to compete these contracts when their current terms expire. The Secretary must publish such notification in the Federal Register, and must submit a written notification to the House and Senate Committees on Appropriations, within 60 days of enactment of this Act. The specific reference to section 303(c)(1) of the Title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(c)(3)) is included to ensure that the Department does not continue to use the status of DOE laboratories as federally funded research and development centers (FFRDCs) as an excuse for not competing these laboratory contracts.

It is not the Committee's intent to disrupt contracts that have been competitively awarded in recent years (e.g., Brookhaven, NREL, Sandia), nor to undo decisions the Secretary has already made to extend non-competitively the existing contracts at Lawrence Berkeley Laboratory and Pacific Northwest National Laboratory. However, the Committee does intend to change the Department's contracting practice going forward. The Committee is hopeful that the Secretary's Blue Ribbon Commission on the Use of Competitive Procedures for DOE Laboratories will be able to provide the Secretary with specific guidance on how to evaluate the performance of the incumbent contractors, how to structure a full and open competition that is fair to incumbents and competitors alike, and how to compete the contracts for those laboratories situated on university property. The Committee also expects that these changes will help to stimulate a larger pool of qualified for-profit, non-profit, and academic contractors to compete for these M&O contracts.

To the Department's credit, it has recently announced its intent to compete the M&O contracts for the Idaho National Engineering and Environmental Laboratory (INEEL) and for the Los Alamos National Laboratory (LANL), and has made significant improvements in competing the contracts for the cleanup of Environmental Management sites. However, the Secretary has imposed several conditions on the competition of the LANL contract that this Committee believes will unduly bias any competition in favor of the incumbent LANL contractor. Specifically, the Secretary has directed

that any competition of the LANL contract must protect all of the existing workforce and all of the pension benefits of the existing workforce. In addition, the Administrator of the National Nuclear Security Administration (NNSA) has recently suggested that the incumbent contractor for LANL may be able to charge its proposal preparation costs to the existing contract. Any incumbent contractor already enjoys enormous advantages over potential competitors in proposal preparation, both in terms of having a known record of performance and of having inside knowledge of lab operations that other competitors will not have. The Department should not offer to pay the incumbent's proposal costs unless the Department is prepared to offer the same benefit to all competitors, an obviously expensive and impractical solution. Therefore, the Committee includes bill language prohibiting the inclusion of any condition to an M&O contract that has the effect of biasing the competition in favor of the incumbent contractor or otherwise establishing something less than full and open competition. The prohibition on such conditions does not extend to defining the scope of the contract, for which the incumbent enjoys a natural advantage, or to crediting the incumbent's past performance when evaluating its qualifications for a future contract.

Limitation on Benefits for Federal Employees.—Section 302 provides that none of the funds in this Act may be used to prepare or implement workforce restructuring plans or provide enhanced severance payments and other benefits and community assistance grants for Federal employees of the Department of Energy under section 3161 of the National Defense Authorization Act of Fiscal Year 1993, Public Law 102–484. The Committee has provided no funds to implement workforce restructuring plans which would provide benefits to Federal employees of the Department of Energy which are not available to other Federal employees of the United States Government. This provision was included in the Energy and Water Development Appropriations Act, 2003.

Limitation on Funding for Section 3161 Benefits.—Section 303 provides that none of the funds in this Act may be used to augment the \$15,000,000 made available for obligation in this Act for enhanced severance payments to contractors and other benefits and community assistance grants authorized under the provisions of section 3161 of the National Defense Authorization Act of Fiscal Year 1993, Public Law 102–484. This provision was included in the Energy and Water Development Appropriations Act, 2003.

Limitation on Initiation of Requests for Proposals.—Section 304 provides that none of the funds in this Act may be used to initiate requests for proposals or expressions of interest for new programs which have not yet been presented to Congress in the annual budget submission, and which have not yet been approved and funded by Congress. This provision was included in the Energy and Water Development Appropriations Act, 2003.

Transfer and Merger of Unexpended Balances.—Section 305 permits the transfer and merger of unexpended balances of prior appropriations with appropriation accounts established in this bill. This provision was included in the Energy and Water Development Appropriations Act, 2003.

Limitation on Bonneville Power Administration.—Section 306 provides that none of the funds in this or any other Act may be used by the Administrator of the Bonneville Power Administration to perform energy efficiency services outside the legally defined Bonneville service territory unless the Administrator certifies in advance that such services are not available from private sector businesses. This provision was included in the Energy and Water Development Appropriations Act, 2003.

User Facilities.—Section 307 establishes certain notice and competition requirements with respect to the involvement of universities in Department of Energy user facilities. This provision was included in the Energy and Water Development Appropriations Act, 2003. The detailed guidance on the application of this provision was provided in House Report 107–681 and continues to apply.

Research, Development and Demonstration Activities.—Section 308 provides authority for up to 2 percent of national security funding at the Kansas City, Pantex, and Y–12 plants, the Savannah River Plant, and the Nevada Test Site to be used for research, development, and demonstration activities. This provision was included in the Energy and Water Development Appropriations Act, 2003.

Authorization of Intelligence Activities.—Section 309 authorizes intelligence activities of the Department of Energy for purposes of section 504 of the National Security Act of 1947 during fiscal year 2004 until the enactment of the Intelligence Authorization Act for fiscal year 2004.

Authorization for Continued External Regulation Analyses.—Section 310 provides that, notwithstanding any other provision of law, the Secretary of Energy shall proceed with planning and analyses for external regulation of the Department's laboratories under the Office of Science.

